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

(Formerly Dubai Development Company PSC)

REPORT OF THE BOARD OF DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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

(Formerly Dubai Development Company PSC)

REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2016

ALRAMZ
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Al Ramz Corporation Investment & Development PJSC
Report of the Board of Directors
As on December 31, 2016

Board of Directors' Report

The board of Directors is pleased to submit their report for the year ending December 31, 2016

Al Ramz Corporation Investment & Development PJSC is seeking to fulfill its goals to be a leading and integrated company in investments & developments through licensing in various areas under the regulatory framework and supervisory work of the Securities and Commodities Authority, which will contribute to the National Economy of the United Arab Emirates.

The activities

Al Ramz Corporation Investment & Development PJSC (Dubai Development Company PJSC previously) was able to achieve many accomplishments in 2016, of which we highlight the following:

- Revive the company through the resumption of investment and development activities.
- Reactivate the trading of the company's share in Dubai Financial Market .
- Adding new activities through obtaining the investment management license from the Securities and Commodities Authority.
- Obtain the initial approval for IPO management license from the Securities and Commodities Authority.
- Raise the company's capital from 10 million dirhams to (549.9) million dirhams.

Financial Results

- The company and its subsidiaries achieved net profit estimated at (almost 58.7 million dirhams), an increase of (10.4 million dirhams approximately) which represents around 21.5% increase compared to last year's net profit.
- Total assets of the company decreased by 0.62%, from (approximately 980.4 million dirhams) to around 974.3 million dirhams.
- The company's total liabilities decreased by 26.35%, from (approximately 684.7 million dirhams) to approximately 504.3 million dirhams.
- Total shareholders' equity increased by almost 60%, from (approximately 295.7 million dirhams) to around 470 million dirhams.

Mohammad Al Mortada Al Dandashi
Managing Director

شركة مساهمة عامة
ALRAMZ
الرمز
Public Joint Stock Company

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

(Formerly Dubai Development Company PSC)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

EY
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

AL RAMZ CORPORATION INVESTMENT AND DEVELOPMENT P.J.S.C. (FORMERLY DUBAI DEVELOPMENT COMPANY PSC)

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Al Ramz Corporation Investment and Development P.J.S.C (the "Company") and its subsidiaries (together the "Group"), which comprise of the consolidated statement of financial position as at 31 December 2016 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

AL RAMZ CORPORATION INVESTMENT AND DEVELOPMENT P.J.S.C. (FORMERLY DUBAI DEVELOPMENT COMPANY PSC) continued

Accounting for reverse acquisition
During the year, the shareholders of Al Ramz Capital LLC exchanged their shares, with a fair value of AED 445 million, for shares in the Company. As stated in note 6 to the consolidated financial statements, this transaction was accounted for as a reverse acquisition under IFRS 3 "Business Combinations". Accordingly, Al Ramz Capital LLC is considered as the accounting acquirer and legal subsidiary and the Company is considered as the accounting acquiree and legal parent. This is a key audit matter as this is a significant and complex transaction and it required management to apply judgements in determining whether the transaction represents an acquisition under common control, an acquisition of an asset, or a business combination.

There is a risk that judgements made in the recognition of an acquisition as a business combination may be inappropriate. Further, there is a risk that the deemed purchase consideration and goodwill may not be correctly calculated at the acquisition date.

Our audit response
We obtained and reviewed the agreement for transfer of shares, the amended Memorandum of Association of Al Ramz Capital LLC, and relevant documentation to understand the transaction. We assessed the judgments applied in determining whether the transaction represented an acquisition under common control, an acquisition of an asset, or a business combination. This involved assessing common control before and after the transaction and whether or not the acquired entity constitutes the carrying on of a business i.e. whether there are inputs and processes applied to those inputs that have the ability to create outputs.

In addition, we audited the Group's calculation of the deemed purchase consideration and goodwill. This included, among others procedures, testing the mathematical accuracy of calculation of the deemed purchase consideration, exchange ratio of shares and goodwill. Further, we checked that the purchase consideration has been approved by management and Securities and Commodities Authority in the UAE and that it has taken into consideration the impact of right issue in the calculation.

We assessed the appropriateness of assets and liabilities recognised as of acquisition date by reviewing and agreeing these to provisional purchase price allocation exercise done by management. We considered managements' assessment that the legal subsidiary, Al Ramz Capital LLC, is controlling the Group and whether the Group is exposed, or has rights, to variable returns from its investment with the investee and has ability to affect those returns through its power over investee as at the date upon which the acquisition was recognised.

These consolidated financial statements are continuation of financial statements of Al Ramz Capital LLC. However, share capital has been adjusted to present that of the legal parent, Al Ramz Corporation Investment and Development PJSC. We have assessed the equity movements and equity reserve in this respect.

We assessed the appropriateness of consolidation adjustments in respect of accounting for this transaction.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

AL RAMZ CORPORATION INVESTMENT AND DEVELOPMENT P.J.S.C. (FORMERLY DUBAI DEVELOPMENT COMPANY PSC) continued

Other matters

- These are first consolidated financial statements of the Group. Financial statements of the Company for the year ended 31 December 2015 were audited by another auditor, who expressed an unmodified opinion on those financial statements on 8 February 2016.
- Since acquisition of Al Ramz Corporation Investment and Development PJSC is accounted for as reverse acquisition, comparatives presented are for Al Ramz Capital LLC. Financial statements of Al Ramz Capital LLC for the year ended 31 December 2015 were audited by Ernst and Young, who expressed an unmodified opinion on those financial statements on 14 February 2016.

Other information included in the Group's report of the Board of Directors
Other information consists of the information included in the report of the Board of Directors. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

AL RAMZ CORPORATION INVESTMENT AND DEVELOPMENT P.J.S.C. (FORMERLY DUBAI DEVELOPMENT COMPANY PSC) continued

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements continued
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

AL RAMZ CORPORATION INVESTMENT AND DEVELOPMENT P.J.S.C. (FORMERLY DUBAI DEVELOPMENT COMPANY PSC) continued

Report on Other Legal and Regulatory Requirements

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

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

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

iii) the Group has maintained proper books of account;

iv) the consolidated financial information included in the report of the Board of Directors is consistent with the books of account and records of the Group;

v) investments in shares and stocks are included in note 10 to the consolidated financial statements and include purchases and investments made by the Group during the year ended 31 December 2016;

vi) note 20 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2016, any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would have a material impact on its activities or its consolidated financial position as at 31 December 2016; and

viii) based on the information provided to us, social contribution expense amounting to AED 48,850 has been recorded during the year.

Signed by
Andre Kasparian
Partner
Ernst & Young
Registration No. 365

28 February 2017
Abu Dhabi

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2016

	Notes	*2016* *AED*	*2015* *AED*
Net commission income		**79,250,248**	73,183,312
Advisory, interest and other income	3	**31,555,246**	18,823,008
Gain on sale of available for sale investments		-	1,470,000
Gain on investments carried at fair value through profit or loss	10	**2,279,656**	1,173,033
General and administrative expenses	4	**(45,869,134)**	(41,771,606)
Finance costs		**(8,525,809)**	(4,564,277)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**58,690,207**	48,313,470
Earnings per share for profit attributable to the equity holders of the parent:			
Basic and diluted earnings per share	23	**0.125**	0.109

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Notes	2016 AED	2015 AED
ASSETS			
Non-current assets			
Property and equipment	5	24,197,514	17,719,682
Goodwill	7	24,569,662	20,641,656
		48,767,176	38,361,338
Current assets			
Accounts receivable and prepayments	8	518,273,136	389,291,211
Guarantee deposits with market	9	32,707,209	34,300,000
Due from securities markets, net	12	4,618,774	-
Investments carried at fair value through profit or loss	10	68,028,601	27,200,965
Bank balances and cash	11	301,931,521	491,273,646
		925,559,241	942,065,822
TOTAL ASSETS		974,326,417	980,427,160
EQUITY AND LIABILITIES			
Equity			
Share capital	13	549,915,858	150,000,000
Acquisition reserve	13	(283,966,320)	-
Statutory reserve	14	54,231,570	48,552,272
General reserve	15	16,483,968	13,644,319
Retained earnings		133,317,873	83,496,773
Total equity		469,982,949	295,693,364
Non-current liability			
Employees' end of service benefits	16	3,934,697	4,637,649
Current liabilities			
Accounts payable and accruals	17	253,714,237	345,214,125
Due to securities markets, net	12	26,380,979	23,754,000
Short term borrowings	18	220,313,555	311,128,022
		500,408,771	680,096,147
Total liabilities		504,343,468	684,733,796
TOTAL EQUITY AND LIABILITIES		974,326,417	980,427,160

Mohamed Al Mortada Al Dandashi
Managing Director

شركة مساهمة عامة
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The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2016

	Share capital AED	*Acquisition reserve AED*	*Statutory reserve AED*	*General reserve AED*	*Retained earnings AED*	*Total AED*
At 1 January 2015	150,000,000	-	43,720,925	11,228,645	101,559,953	306,509,523
Total comprehensive income for the year	-	-	-	-	48,313,470	48,313,470
Transfer to statutory reserve	-	-	4,831,347	-	(4,831,347)	-
Transfer to general reserve	-	-	-	2,415,674	(2,415,674)	-
Dividend (note 13)	-	-	-	-	(59,129,629)	(59,129,629)
Balance at 31 December 2015	150,000,000	-	48,552,272	13,644,319	83,496,773	295,693,364
At 1 January 2016	150,000,000		48,552,272	13,644,319	83,496,773	295,693,364
Acquisition reserve (note 13)	399,915,858	(399,915,858)	-	-	-	-
Deemed consideration (note 6)	-	115,949,538	-	-	-	115,949,538
Transaction cost on rights issue	-	-	-	-	(350,160)	(350,160)
Total comprehensive income for the year	-	-	-	-	58,690,207	58,690,207
Transfer to statutory reserve	-	-	5,679,298	-	(5,679,298)	-
Transfer to general reserve	-	-	-	2,839,649	(2,839,649)	-
Balance at 31 December 2016	549,915,858	(283,966,320)	54,231,570	16,483,968	133,317,873	469,982,949

The attached notes 1 to 23 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2016

	Notes	*2016* *AED*	*2015* *AED*
OPERATING ACTIVITIES			
Profit for the year		**58,690,207**	48,313,470
Adjustments for:			
Depreciation	5	**3,693,083**	3,268,967
Provision for employees' end of service benefits	16	**458,201**	900,132
Interest income	3	**(2,802,051)**	(306,128)
Finance costs		**8,525,809**	(4,564,277)
Gain on disposal of available for sale investments		**-**	(1,470,000)
Gain on investments carried at fair value through profit or loss		**(2,279,656)**	(1,173,033)
Dividend income	3	**(140,027)**	-
Gain on disposal of property and equipment	3	**(13,688)**	-
		66,131,878	44,969,131
Working capital changes:			
Accounts receivable and prepayments		**(128,486,205)**	(118,948,482)
Guarantee deposits with market		**1,592,791**	9,236,468
Due from/to securities markets, net		**(1,991,795)**	16,380
Accounts payable and accruals		**(94,015,321)**	(311,917,051)
Cash used in operations		**(156,768,652)**	(376,643,554)
Employees' end of service benefits	16	**(1,161,153)**	(425,616)
Finance costs paid		**(8,525,809)**	4,564,277
Net cash used in operating activities		**(166,455,614)**	(372,504,893)
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(10,214,677)**	(656,304)
Interest received		**2,802,051**	306,128
Bank deposits maturing after three months	11	**(25,000,000)**	-
Proceeds from disposal of property and equipment		**60,000**	-
Dividend received		**140,027**	-
Sale of available for sale investments		**-**	4,800,000
Acquisition of subsidiary	6	**(5,478,324)**	-
Purchase of investments at fair value through profit or loss	10	**(62,764,327)**	(35,253,877)
Sale of investments at fair value through profit or loss	10	**74,816,347**	9,225,945
Net cash used in investing activities		**(25,638,903)**	(21,578,108)
FINANCING ACTIVITIES			
Short term borrowings, net		**(150,248,816)**	110,129,452
Proceeds from right issue		**94,915,858**	-
Transaction costs on issue of right share		**(350,160)**	-
Dividend paid		**-**	(59,129,629)
Net cash (used in) from financing activities		**(55,683,118)**	50,999,823
DECREASE IN CASH AND CASH EQUIVALENTS		**(247,777,635)**	(343,083,178)
Cash and cash equivalents at 1 January		**390,275,076**	733,358,254
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	**142,497,441**	390,275,076

The attached notes 1 to 23 form part of these consolidated financial statements.

1 GENERAL

Al Ramz Corporation Investment and Development P.J.S.C. (the "Company") is 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 (collectively "the Group") is 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 registered office of the Company is at P O Box 121200, Dubai, United Arab Emirates.

The accompanying consolidated financial statements of the Group for the year ended 31 December 2016 include the financial statements of the Company and its subsidiaries.

The consolidated financial statements of the Group for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 28 February 2017.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements are prepared under the historical cost convention as modified for the measurement at fair value of investments carried at fair value through profit or loss.

The consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is functional and presentation currency of the Group.

During the year, the Company acquired 100% equity of Al Ramz Capital LLC and became legal parent of Al Ramz Capital LLC. This transaction has been accounted for as a reverse acquisition under IFRS 3. Accordingly, the consolidated financial statements are a continuation of the financial statements of Al Ramz Capital LLC. Comparative financial information presented is of Al Ramz Capital LLC.

2.2 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and each its subsidiaries for the year ended 31 December 2016.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

2.2 BASIS OF CONSOLIDATION continued

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group, 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 consolidated financial statements include financial statements of the Company and its subsidiaries listed below:

	Country of incorporation	*%*
Al Ramz Capital LLC	UAE	99
ARC Real Estate LLC	UAE	99
ARC Investment LLC	UAE	99
ARC Properties LLC	UAE	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 consolidated financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended standards effective as of 1 January 2016. The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual financial statements of the Group.

- IFRS 14 Regulatory Deferral Accounts;
- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisition interests;
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants;
- Amendments to IAS 27: Equity Method in Separate Financial Statements;
- Amendments to IAS 1 disclosure Initiative;
- Amendment to IFRS 10, IFRS 12 and IAS 28 investment entities; applying the consolidation exception;

Annual Improvements 2012-2014 Cycle
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

The adoption of the above new and amended standards did not have an impact of the financial position, performance or disclosures of the Group.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of trade accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position date, gross trade receivables were AED 520,518,964 (2015: AED 392,324,879) and the provision for doubtful debts was AED 5,757,433 (2015: AED 5,757,433). Any difference between the amounts actually collected in future periods and the amounts expected to be received will be recognized in the consolidated statement of comprehensive income.

Impairment testing of goodwill
The Group's impairment testing for goodwill is based on calculating the recoverable amount of cash generating unit being tested. Recoverable amount is the higher of value in use and fair value less costs to sell. Value in use for relevant cash generating units is derived from earning capitalisation approach. The key assumptions used to determine the recoverable amount are further explained in note 7 to the consolidated financial statements.

2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS continued

Significant judgements

Useful lives and residual values of property and equipment

Management reviews the residual values and estimated useful lives of property and equipment at the end of each annual reporting period in accordance with IAS 16. Based on its review, management believes that the residual values and useful lives of property and equipment have been reasonably estimated.

Reverse acquisition

Key judgements in respect of reverse acquisition were to determine whether the transaction to acquire Al Ramz Corporation Investment and Development PJSC represents a common control transaction or is an acquisition of an asset or a business combination. This involved assessing common control before and after the transaction and whether or not the entity acquired constitute the carrying on of a business i.e. whether there are inputs and processes applied to those inputs that have the ability to create outputs. Management has determined that it is not a common control transaction and entity acquired (Al Ramz Corporation Investment and Development PJSC) represent a business as it has inputs, processes applied to those inputs and outputs.

Reverse acquisition accounting requires calculation of deemed purchase consideration, which requires management to determine the shares exchange ratio and fair value of shares exchanged. Management has determined that deemed purchase consideration is AED 115,949,538.

As part of reverse acquisition accounting, the fair values of the identifiable assets and liabilities assumed, are recognized as of acquisition date. The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgement. If the purchase consideration exceeds the fair value of the net assets acquired then the difference is recognised as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then a gain is recognised in the consolidated income statement. Purchase price allocation exercise is in process as of reporting date, accordingly, fair value of assets acquired and liabilities assumed disclosed in note 6 are provisional.

Goodwill arising on reverse acquisition of AED 3,928,006 is allocated to Group for impairment testing purpose, as management expects synergies to benefit the Group as a whole.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received.

Commission income

Commission income represents the invoiced value of brokerage services provided by the Group during the year.

Revenue from services

Revenue from advisory and research services is recognised when services under the contract are performed.

Dividend income

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income

Interest revenue is recognised as the interest accrues using the effective interest method, under which the rate used exactly discount estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Property and equipment
Property and equipment are stated at cost less accumulated depreciation and impairment (if any).

Depreciation is calculated on straight line basis on the estimated useful lives of assets as follows.

Office premises	30 years
Office equipment	5 years
Motor vehicles	5 years
Furniture and fixtures	5 years

The carrying value of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the consolidated statement of comprehensive income as the expense is incurred.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognised in the consolidated income statement.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Business combinations and goodwill continued
Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Reverse acquisition accounting requires calculation of deemed purchase consideration, which requires management to determine the shares exchange ratio and fair value of shares exchanged. This has been accounted for as acquisition reserve.

Accounts receivable
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
For the purpose of consolidated statement of cash flows, cash and cash equivalents consist of cash in hand, bank balances and short term deposits with an original maturity of three months or less, net outstanding bank overdrafts.

Financial assets
Initial recognition and measurement
The Group classifies its financials assets as at fair value through profit or loss, loans and receivables and available-for- sale financial assets as appropriate.

These financial assets are recognised initially at fair value plus, directly attributable transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The Group's financial assets include cash and short-term deposits, trade and other receivables and investments carried at fair value through profit or loss.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method, less impairment. The losses arising from impairment are recognised in the statement of comprehensive income.

Available-for-sale financial assets
After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss, or the investment is determined to be impaired, at which time the cumulative loss is reclassified from the available-for-sale reserve to the profit or loss.

Financial assets measured at fair value through profit and loss
Financial assets held-for-trading are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recognised in consolidated statement of comprehensive income.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Impairment and un collectability of financial assets
An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated if such evidence exists, any impairment loss, is recognised in the consolidated statement of comprehensive income as follows:

- For financial assets carried at amortised cost the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate.

- For available-for-sale financial investments the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognized for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation, arising as a result of past events, that can be estimated reliably, and it is probably that an outflow of economic benefit will be required to settle the obligation. Where the time has significant effect on the value then a provision is made at the current value for the expenses which is expected to be enough to settle these obligations.

When it is not possible that there will not be an outflow of economic benefit, or it is difficult to estimate the needed expenses in a reliable way, these expenses are recognised as contingent obligations except if there is a minimal or unlikely chance for repayment.

Interest bearing loans and borrowings
All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method, with any difference between proceeds (net of transaction costs) and the redemption value being recognized in the statement of comprehensive income over the term of the borrowing. Gains and losses are also recognized in the consolidated statement of comprehensive income when the liabilities are derecognized.

Employees' end of service benefits
The Group provides end of service benefits to its expatriate employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Fair value of financial instruments
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Contingencies
Contingent liabilities are not recognised in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

2.6 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IAS 7 Disclosure Initiative – Amendments to IAS 7
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
- IFRS 2 Classification and Measurement of share-based Payment Transactions-Amendments to IFRS 2
- IFRS 16 Leases
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date. All others amendments are not expected to have any significant impact on the Group.

3 ADVISORY, INTEREST AND OTHER INCOME

	2016 *AED*	*2015* *AED*
Interest income	**2,802,051**	306,128
Dividend income	**140,027**	-
Income from research and advisory	**27,765,119**	17,849,373
Gain on disposal of property and equipment	**13,688**	-
Exchange gain	**74,360**	667,507
Other income	**760,001**	-
	31,555,246	18,823,008

4 GENERAL AND ADMINISTRATIVE EXPENSES

	2016 *AED*	*2015* *AED*
Staff costs	**32,033,285**	28,498,019
Rent expense	**849,694**	706,385
Annual fees	**3,315,327**	1,784,913
Communication expense	**1,301,454**	1,376,055
Depreciation (note 5)	**3,693,083**	3,268,967
IT expenses	**752,050**	507,227
Social contribution	**48,850**	-
Other expenses	**3,875,391**	5,630,040
	45,869,134	41,771,606

5 PROPERTY AND EQUIPMENT

	Office premises AED	*Office equipment AED*	*Motor vehicles AED*	*Furniture and fixtures AED*	*Total AED*
2016					
Cost:					
At 1 January 2016	13,624,133	15,680,326	915,500	10,206,279	40,426,238
Additions	8,548,241	488,947	425,204	752,285	10,214,677
Additions relating to acquisition (note 6)	-	2,550	-	-	2,550
Disposal	-	-	(171,000)	-	(171,000)
At 31 December2016	**22,172,374**	**16,171,823**	**1,169,704**	**10,958,564**	**50,472,465**
Depreciation:					
At 1 January 2016	1,815,648	12,667,636	546,760	7,676,512	22,706,556
Charge for the year	739,079	1,392,415	215,418	1,346,171	3,693,083
Disposal	-	-	(124,688)	-	(124,688)
At 31 December 2016	**2,554,727**	**14,060,051**	**637,490**	**9,022,683**	**26,274,951**
Net book value:					
At 31 December 2016	**19,617,647**	**2,111,772**	**532,214**	**1,935,881**	**24,197,514**
2015					
Cost:					
At 1 January 2015	13,624,133	15,237,480	915,500	9,992,821	39,769,934
Additions	-	442,846	-	213,458	656,304
At 31 December2015	13,624,133	15,680,326	915,500	10,206,279	40,426,238
Depreciation:					
At 1 January 2015	1,361,510	11,295,468	368,385	6,412,226	19,437,589
Charge for the year	454,138	1,372,168	178,375	1,264,286	3,268,967
At 31 December 2015	1,815,648	12,667,636	546,760	7,676,512	22,706,556
Net book value:					
At 31 December 2015	11,808,485	3,012,690	368,740	2,529,767	17,719,682

6 BUSINESS COMBINATION

On 11 October 2016, the shareholders of Al Ramz Capital LLC exchanged their shares with the Company for a consideration of AED 445 Million. This transaction has been accounted for as reverse acquisition under IFRS 3 "Business Combinations" and accordingly Al Ramz Capital LLC is accounting acquirer and the Company is accounting acquiree. The fair value of identifiable assets and liabilities of the accounting acquiree, Al Ramz Corporation Investment and Development PJSC as of date of acquisition are as follows:

	Fair values recognised on acquisition (Provisional) 2016 AED
Assets	
Property and equipment	2,550
Prepayments and other receivables	495,720
Receivable against right issue	94,915,858
Investments carried at fair value through profit or loss	50,600,000
Bank balances and cash	44,510,261
	190,524,389
Liabilities	
Accounts payable and accruals	633,456
Amount due to a related party	1,881,977
Short term borrowings	75,987,424
	78,502,857
Total identifiable net assets at fair value	112,021,532
Goodwill (note 7)	3,928,006
Purchase consideration	115,949,538

Analysis of cash flow on acquisition is as follows:

Cash paid	-
Cash acquired with subsidiary (net of bank overdraft)	(5,478,324)
Cash flow on acquisition	(5,478,324)

Fair value of assets and liabilities recognized are provisional as purchase price allocation exercise was in process as of signing of the consolidated financial statements.

6 BUSINESS COMBINATION continued

Purchase consideration is deemed consideration incurred by Al Ramz Capital LLC in the form of equity shares required to be issued to shareholders of Al Ramz Corporation Investment and Development PJSC. This has been classified as acquisition reserve in consolidated statement of financial position.

This business combination resulted in a goodwill of AED 3,928,006. The goodwill recognised is attributable to expected synergies and is allocated to the Group for impairment testing purpose.

Other information with respect to acquired entity is as follows:

Other income from the date of acquisition	1,383,340
Profit from the date of acquisition	1,897,231
Other income from 1 January to 31 December 2016	1,841,477
Loss from 1 January to 31 December 2016	(143,975)

7 GOODWILL

	2016 *AED*	*2015* *AED*
Balance at 1 January	**20,641,656**	20,641,656
Addition (note 6)	**3,928,006**	-
	24,569,662	20,641,656

Goodwill of AED 20,641,656 as of 1 January 2016 represents goodwill arose on acquisition of National Finance Brokerage Company LLC (NFBC) , acquired in 2010. NFBC was merged with Al Ramz Capial LLC effective from 2010.

Goodwill is not amortised, but is reviewed annually for assessment of impairment in accordance with IAS 36. The Group performed its annual goodwill impairment test in December 2016. Goodwill of AED 20,641,656 relating to NFBC is allocated to Al Ramz Capital LLC (CGU) and goodwill of AED 3,928,006 acquired through business combination is allocated to the Group (note 6).

The recoverable amounts for CGU is based on value in use, and has been calculated using earnings capitalisation approach. The key assumptions used are maintainable cross net profit range of AED 47 million to AED 50 million, terminal growth rate of 3% and discount rate of 13%. As a result of the analysis, there is sufficient headroom in CGU and no impairment has been identified. Reasonable sensitivities have been applied to CGU earnings and the discount rates used, and in all cases the value in use continues to exceed the carrying amount of CGU goodwill.

8 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2016 *AED*	*2015* *AED*
Trade accounts receivable, net	**514,761,531**	386,567,446
Prepayments and other receivables	**3,511,605**	2,723,765
	518,273,136	389,291,211

At 31 December 2016, trade accounts receivable at nominal value of AED 5,757,433 (2015: AED 5,757,433) were impaired and fully provided for.

Movement in the provision for impairment of accounts receivable is as follows:

	2016 *AED*	*2015* *AED*
Balance at 1 January and 31 December	**5,757,433**	5,757,433

As at 31 December, the ageing of unimpaired trade accounts receivable is as follows:

	Total *AED*	*1 - 2 days* *AED*	*3 - 5 days* *AED*	*6 - 30 days* *AED*	*31 - 90 days* *AED*	*> 90 days* *AED*
2016	**514,761,531**	**80,320,867**	**18,852,261**	**271,253,392**	**32,203,016**	**112,131,995**
2015	386,567,446	39,905,407	19,798,097	62,781,714	57,389,998	206,692,230

Unimpaired receivables are mainly related to the licensed margin platform and are expected, on the basis of past experience, to be fully recoverable. Unimpaired receivables have no specific collection pattern.

9 GUARANTEE DEPOSITS WITH MARKET

	2016 *AED*	*2015* *AED*
Guarantee deposits with market	**32,707,209**	34,300,000

Guarantee deposits are held with commercial banks in the UAE as collateral against letters of guarantee issued by the banks (note 18). These are denominated in UAE Dirhams, with an effective profit rate of 1% (2015: 0.47% - 1%) per annum.

10 INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT OR LOSS

These represents equity investments in listed entities and are held for trading purpose. Movements in the investments carried at fair value through profit or loss are as follows:

	2016 *AED*	*2015* *AED*
Balance at 1 January	**27,200,965**	-
Additions	**62,764,327**	35,253,877
Addition relating to acquisition (note 6)	**50,600,000**	-
Disposal	**(74,816,347)**	(9,225,945)
Net change in fair value	**2,279,656**	1,173,033
Balance at 31 December	**68,028,601**	27,200,965

11 BANK BALANCES AND CASH

	2016 *AED*	*2015* *AED*
Cash in hand	**56,520**	53,670
Bank balance – current accounts	**276,875,001**	391,219,976
Bank balance – deposit accounts	**25,000,000**	100,000,000
	301,931,521	491,273,646

Bank balances are located within the UAE. Bank deposits carry interest at market rate.

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

	2016 *AED*	*2015* *AED*
Bank balance and cash	**301,931,521**	491,273,646
Deposits maturing after three months	**(25,000,000)**	-
Bank overdrafts (note 18)	**(134,434,080)**	(100,998,570)
	142,497,441	390,275,076

12 DUE FROM/TO SECURITIES MARKETS, NET

	2016 *AED*	*2015* *AED*
Due from Securities Market		
Nasdaq Dubai Limited	4,618,774	-
Due to Securities Market		
Abu Dhabi Securities Exchange	**14,405,153**	9,294,458
Dubai Financial Market	**11,975,826**	14,284,641
Nasdaq Dubai Limited	-	174,901
	26,380,979	23,754,000

Due from/ to securities markets represents net clearing balance due to Abu Dhabi Securities Exchange, Dubai Financial Market and Nasdaq Dubai Limited. This balance is unimpaired and due within 1-2 days of the reporting date.

13 SHARE CAPITAL AND ACQUISTION RESERVE

Share capital

	2016 *AED*	*2015* *AED*
Balance at 1 January	**150,000,000**	150,000,000
Addition	**399,915,858**	-
	549,915,858	150,000,000

As of 31 December 2016, share capital comprises of 549,915,858 authorised, issued and fully paid shares of AED 1 each.

Addition to share capital 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.

The Board of Directors proposed a 5% cash dividend of AED 27,495,793 representing a dividend of AED 0.05 per share in their meeting held on 28 February 2017. The proposed dividend is subject to approval of shareholders in the annual general meeting.

In 2015, Al Ramz Capital LLC paid a dividend of AED 59,129,629 comprising of dividend of AED 591.3 per share.

Acquisition reserve
Acquisition reserve comprises of following:

	2016 *AED*	*2015* *AED*
Deemed consideration on acquisition (note 6)	**115,949,538**	-
Addition to increase share capital	**(399,915,858)**	-
	283,966,320	-

14 STATUTORY RESERVE

As required by the UAE Federal Law No. (2) of 2015 and the Company's articles of association, 10% of the Group's profit for the year should be transferred to the statutory reserve. The Group may resolve to discontinue such annual transfers when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution.

15 GENERAL RESERVE

Transfers to and from and the use of the general reserve are made at the discretion of the Board of Directors. During the current year, the Group has transferred an amount of AED 2,839,649 (2015: AED 2,415,674) to the general reserve.

16 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the statement of financial position are as follows:

	2016 *AED*	*2015* *AED*
Provision at 1 January	**4,637,649**	4,163,133
Provided during the year	**458,201**	900,132
Paid during the year	**(1,161,153)**	(425,616)
Provision at 31 December	**3,934,697**	4,637,649

17 ACCOUNTS PAYABLE AND ACCRUALS

	2016 *AED*	*2015* *AED*
Trade accounts payable	**226,404,712**	318,405,635
Accrued expenses	**23,317,385**	22,430,338
Other payables	**3,650,640**	4,378,152
Unclaimed dividend	**341,500**	-
	253,714,237	345,214,125

18 SHORT TERM BORROWINGS

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

	2016 *AED*	*2015* *AED*
Loan from related parties		
Facility 1	**50,000,000**	-
Facility 2	**10,000,000**	-
Other short term borrowings		
Facility 3	**25,879,475**	-
Facility 4	-	210,129,452
Bank overdrafts (note 11)	**134,434,080**	100,998,570
	220,313,555	311,128,022

Facility 1
Facility 1 is a revolving loan facility obtained from a shareholder. This is repayable on first anniversary of the date of the agreement. Interest is payable on monthly basis. It carried fixed interest at prevailing market interest rates. Loan is secured against pledge of present and future rights, title, benefit and interest in relation to secured account. Secured account is the account opened by the Company with the lender.

Facility 2
The Company obtained this facility from a key management personnel. It carried fixed interest at prevailing market interest rates. The term of the agreement is one month renewed automatically.

Facility 3
This represents short term facility obtained from a local bank to finance the purchase of shares (investment carried at fair value through profit or loss). This carries interest at market rate and is repayable in bullet payment in April 2017. This facility is secured against investments carried at fair value through profit or loss (note 10).

Facility 4
This represents short term facility obtained from a third party. This has been settled fully during the year.

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

19 COMMITMENTS AND CONTINGENCIES

The Group's bankers have issued in the normal course of business, the following letters of guarantee:

	2016 *AED*	*2015* *AED*
Nasdaq Dubai Limited	**1,000,000**	1,000,000
Abu Dhabi Securities Exchange	**30,000,000**	30,000,000
Dubai Financial Market	**70,000,000**	70,000,000
	101,000,000	101,000,000

At 31 December 2016, the guarantees were secured by a cash deposit of AED 30.6 million (2015: AED 30.4 million).

The Group had no capital commitments and contingencies during the year (2015: none).

20 RELATED PARTY TRANSACTIONS

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 consolidated statement of comprehensive income are as follows:

	2016 *AED*	*2015* *AED*
Commission income from shareholders	**574,788**	2,416,571

Balances with related parties included in the consolidated statement of financial position are as follows:

	2016 *AED*	*2015* *AED*
Loan from related parties (note 18)	**60,000,000**	-

Included in trade accounts receivable (note 8) and trade accounts payable (note 17) are balances with related parties (shareholders) amounting to AED 35,712,322 (2015: AED 26,774,766) and AED 2,226,028 (2015: nil) respectively. These balances are of trading nature.

Terms and conditions of transactions with related parties

Transactions from related parties are made at normal market prices. Outstanding balances at the year-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 year ended 31 December 2016, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2015: nil).

20 RELATED PARTY TRANSACTIONS continued

Compensation of key management personnel
The remuneration of members of key management during the year was as follows:

	2016 *AED*	*2015* *AED*
Short-term benefits (excluding bonus)	3,945,737	3,747,667
Bonus	6,934,397	5,561,207
Number of key management personnel	2	2

21 RISK MANAGEMENT

The Group's principal financial liabilities consist of trade payables and short term borrowings. The main purpose of the financial liabilities is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, bank balances and investments carried at fair value through profit or loss, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The members of management of the Group review and agree policies for managing each of these risks which are summarised below.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is not exposed to interest rate risk on its interest bearing guarantees with banks and certain short term borrowings which carry fixed interest rate.

The following table demonstrates the sensitivity of the consolidated statement of comprehensive income to reasonably possible changes in floating interest rates, with all other variables held constant, of the Group's result for the year. There is no impact on the Group's equity.

	Effect on profit *AED*
2016	
+100 increase in basis point	**(1,344,341)**
-100 increase in basis point	**1,344,341**
2015	
+100 increase in basis point	(1,009,986)
-100 increase in basis point	1,009,986

21 RISK MANAGEMENT continued

Credit risk
Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to financial loss.

The Group seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables. Five largest customers account for 37% (2015: 32%) of trade accounts receivables.

Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

Liquidity risk
The Group limits its liquidity risk by ensuring bank facilities and adequate cash from operations are available. The Group's terms of brokerage contracts require the amounts to be received and settled in accordance with the settlement terms of the securities market. Outstanding receivables are monitored on a continuous basis.

The table below summarises the maturities of the Group's undiscounted consolidated financial liabilities at 31 December 2016 and 31 December 2015, based on contractual payments.

	On demand AED	*Less than 3 months AED*	*3 to 6 months AED*	*6 to 12 months AED*	*Total AED*
Year ended 31 December 2016					
Trade accounts payable	-	**160,462,961**	**26,139,131**	**39,802,620**	**226,404,712**
Short term borrowings	**134,434,080**	**10,050,000**	**26,270,007**	**52,500,000**	**223,254,087**
Due to securities markets, net	-	**26,380,979**	-	-	**26,380,979**
Total	**134,434,080**	**196,893,940**	**52,409,138**	**92,302,620**	**476,039,778**
Year ended 31 December 2015					
Trade accounts payable	-	140,493,055	109,163,461	68,749,119	318,405,635
Short term borrowings	100,998,570	210,190,066	-	-	311,188,636
Due to securities markets, net	-	23,754,000	-	-	23,754,000
Total	100,998,570	374,437,121	109,163,461	68,749,119	653,348,271

Capital management
The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2016 and 31 December 2015. Capital includes share capital, reserves and retained earnings and is measured at AED 469,982,949 as at 31 December 2016 (2015: AED 295,693,364).

22 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of receivables, bank balances and cash, available-for-sale investments and investments carried at fair value through profit or loss. Financial liabilities consist of payables, short term borrowings and certain other liabilities.

The fair values of the Group's financial instruments are not materially different from their carrying values at the statement of financial position date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of the Group's financial instruments are not materially different from their carrying values at the reporting date.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2016:

	Level 1 *AED*	*Level 2* *AED*	*Level 3* *AED*	*Total* *AED*
31 December 2016				
Financial Assets measured at fair value				
Investments carried at fair value through profit or loss	68,028,601	-	-	68,028,601
31 December 2015				
Financial Assets measured at fair value				
Investments carried at fair value through profit or loss	27,200,965	-	-	27,200,965

During the reporting year ended 31 December 2016, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

23 BASIC AND DILUTED EARNING PER SHARE

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

	2016 *AED*	*2015* *AED*
Profit for the period (AED)	**58,690,207**	48,313,470
Weighted average number of shares	**471,228,965**	445,000,000
Basic and diluted earnings per share (AED)	**0.125**	0.109