

Dubai Financial Market P.J.S.C.

**Condensed consolidated
interim financial information**

for the three month period ended 31 March 2018

Dubai Financial Market P.J.S.C.**Condensed consolidated interim financial information (Un-audited)**
for the three month period ended 31 March 2018

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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 2018 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 2018;
- the condensed consolidated interim statement of income for the three month period ended 31 March 2018;
- the condensed consolidated interim statement of comprehensive income for the three month period ended 31 March 2018;
- the condensed consolidated interim statement of changes in equity for the three month period ended 31 March 2018;
- the condensed consolidated interim statement of cash flows for the three month period ended 31 March 2018; 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 2018

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 2018 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other Matter

The condensed consolidated interim financial information for the three month period ended 31 March 2017 and the consolidated financial statements for the year ended 31 December 2017 were reviewed and audited, respectively by another auditor who expressed an unmodified review conclusion on the condensed consolidated interim financial information for the three month period ended 31 March 2017 on 9 May 2017 and an unmodified audit opinion on the consolidated financial statements for the year ended 31 December 2017 on 31 January 2018.

KPMG Lower Gulf Limited

Vijendra Nath Malhotra
Registration No.: 48
Dubai, United Arab Emirates
Date:

07 MAY 2018

Dubai Financial Market P.J.S.C.**Condensed consolidated interim statement of financial position**
as at 31 March 2018

	<i>Note</i>	As at 31 March 2018 AED'000 (Un-audited)	As at 31 December 2017 AED'000 (Audited)
ASSETS			
Non-current assets			
Goodwill	6	2,878,874	2,878,874
Other intangible assets	6	2,188,954	2,203,076
Property and equipment		281,970	275,245
Other financial assets measured at fair value through other comprehensive income (FVOCI)	7	798,822	856,546
Investment at amortised cost	8	193,922	94,756
Investment deposits	9	267,375	292,213
Total non-current assets		6,609,917	6,600,710
Current assets			
Prepaid expenses and other receivables	11	70,972	63,021
Investment deposits	9	1,840,148	2,290,148
Cash and cash equivalents	12	1,182,146	473,609
Total current assets		3,093,266	2,826,778
Total assets		9,703,183	9,427,488
EQUITY AND LIABILITIES			
EQUITY			
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	(760,509)	(702,860)
Statutory reserve	14	429,664	429,664
Retained earnings		96,541	419,182
Equity attributable to the owners of the Company		7,761,332	8,141,622
Non-controlling interest		19,333	19,091
Net equity		7,780,665	8,160,713
LIABILITIES			
Non-current liabilities			
Subordinated loan	10	26,910	26,616
Provision for employees' end of service benefit		19,563	18,913
Total non-current liabilities		46,473	45,529
Current liabilities			
Payables and accrued expenses	15	1,122,434	852,695
Dividends payable		744,022	352,378
Due to related parties	10	9,589	16,173
Total current liabilities		1,876,045	1,221,246
Total liabilities		1,922,518	1,266,775
Total equity and liabilities		9,703,183	9,427,488



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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>	Three month period ended 31 March	
		2018	2017
		AED'000	AED'000
Revenue			
Trading commission fees		46,186	104,988
Brokerage fees		5,693	5,123
Clearing settlement and depositary fees		6,178	10,357
Listing and market data fees		2,510	2,839
Other fees		910	1,123
Operating revenues		61,477	124,430
Investment revenues		38,707	27,592
Other revenues		1,396	-
Total revenues		101,580	152,022
Expenses			
General and administrative expenses		(38,018)	(34,929)
Amortisation of intangible assets		(14,122)	(14,122)
Interest expense	10	(294)	(281)
Operating expenses		(52,434)	(49,332)
Net profit for the period		49,146	102,690
Attributable to:			
Owners of the Company		48,904	102,341
Non-controlling interest		242	349
		49,146	102,690
Basic/diluted earnings per share - AED	16	0.006	0.013

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

	Three month period ended 31 March	
	2018	2017
	AED'000	AED'000
Net profit for the period	49,146	102,690
<i>Other comprehensive income</i>		
Items that will not be re-classified to profit or loss		
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	(57,649)	21,410
Total comprehensive (loss)/income for the period	(8,503)	124,100
Attributable to:		
Owners of the Company	(8,745)	123,751
Non-controlling interest	242	349
Total comprehensive (loss)/income for the period	(8,503)	124,100

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 2018

	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 2017	8,000,000	(4,364)	(738,272)	406,377	237,902	7,901,643	18,499	7,920,142
Net profit for the period	-	-	21,410	-	102,341	102,341	349	102,690
Other comprehensive income for the period	-	-	-	-	-	21,410	-	21,410
Total comprehensive income for the period	-	-	21,410	-	102,341	123,751	349	124,100
Appropriation of non-sharia compliant income (Note 19)	-	-	-	-	(28,281)	(28,281)	-	(28,281)
Zakat	-	-	-	-	(30)	(30)	-	(30)
As at 31 March 2017	8,000,000	(4,364)	(716,862)	406,377	311,932	7,997,083	18,848	8,015,931
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
Other comprehensive loss for the period	-	-	(57,649)	-	-	(57,649)	-	(57,649)
Total comprehensive (loss)/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	8,000,000	(4,364)	(760,509)	429,664	96,541	7,761,332	19,333	7,780,665

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

	Note	Three month period ended 31 March	
		2018 AED'000	2017 AED'000
Cash flows from operating activities			
Net profit for the period		49,146	102,690
Adjustments for:			
Depreciation of property and equipment		2,916	2,470
Provision for employees' end of service benefit		650	664
Amortisation of intangible assets	6	14,122	14,122
Interest expense	10	294	281
Revenues from investment deposits		(22,764)	(18,898)
Dividends revenues		(15,943)	(8,693)
Operating cash flows before changes in operating assets and liabilities		28,421	92,636
Increase in prepaid expenses and other receivables		(7,689)	(19,473)
Movement in due from related party		(6,583)	(348)
Increase in payables and accrued expenses		297,982	485,658
Net cash generated from operating activities		312,131	558,473
Cash flows from investing activities			
Purchase of property and equipment		(9,641)	(3,220)
Net investment deposits		450,000	683
Redemption of investments at amortised cost		25,261	99
Investment deposit revenue received		22,332	16,785
Investments in sukuk		(98,996)	(44,378)
Dividend received		15,594	8,693
Net cash generated from / (used in) investing activities		404,550	(21,338)
Cash flows from financing activities			
Dividends paid to shareholders		(8,144)	(118)
Net cash used in financing activities		(8,144)	(118)
Net increase in cash and cash equivalents		708,537	537,017
Cash and cash equivalents at the beginning of the period		473,609	370,843
Cash and cash equivalents at the end of the period	12	1,182,146	907,860

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.

Notes to the condensed consolidated interim financial information
for the three month period ended 31 March 2018

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 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:

Company name	Activity	Country of incorporation	Ownership held
Nasdaq Dubai Limited*	Electronic Financial Market	UAE	67%

Nasdaq Dubai Limited has the following subsidiary:

Company name	Activity	Country of incorporation	Ownership held
Nasdaq Dubai Guardian Limited	Bare nominee solely on behalf of Nasdaq Dubai Limited	UAE	100%

* The remaining 33% is held by Borse Dubai Limited (Note 17).

Dubai Financial Market P.J.S.C.

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

for the three month period ended 31 March 2018

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) No. 34: Interim Financial Reporting.

This condensed consolidated interim financial information does not include all the information required for full annual financial statements and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2017. In addition, results for the three months period ended 31 March 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

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 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

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 in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017, except for changes resulting from adoption of the following:

- a) IFRS 9 – Financial Instruments
- b) IFRS 15 – Revenue from Contracts with Customers

IFRS 9 Financial Instruments

The Group has adopted IFRS 9 as issued by the IASB in July 2014 with a date of initial application of 1 January 2018. The key changes to the Group's accounting policies resulting from its adoption of IFRS 9 are summarised below.

Impairment

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

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments on which credit risk has not increased significantly since their initial recognition.

Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.2 Changes in significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Impairment (continued)

The Group assumes that credit risk on financial assets has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower / issuer of a debt security is unlikely to pay its credit obligations to the Group in full, without resource by the Group to actions such as realising security (if any held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade'. 12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows on the financial assets have occurred.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit loss allowances are measured using a three-stage approach based on the extent of credit deterioration since origination:

Stage 1

Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.

Stage 2

When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

Stage 3

Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information *(continued)*
for the three month period ended 31 March 2018

2 Summary of significant accounting policies *(continued)*

2.2 Changes in significant accounting policies *(continued)*

IFRS 9 Financial Instruments *(continued)*

Impairment *(continued)*

The key inputs into the measurement of ECL are the term structure of the following variables:

- probability of default (PD), which is an estimate of the likelihood of default over a given time horizon ;
- loss given default (LGD), which is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date;
- exposure at default (EAD), which is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender / investor would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

These parameters are generally derived from internally developed statistical models and other historical data. They are adjusted to reflect forward-looking information.

Forward-looking information

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

Assessment of significant increase in credit risk

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and expert credit assessment and including forward-looking information.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2018

2 Summary of significant accounting policies (continued)

2.2 Changes in significant accounting policies (continued)

IFRS 9 Financial Instruments (continued)

Transition

Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Group has taken an exemption not to restate comparative information for the periods with respect to impairment requirements. The information presented for 2017 does not generally reflect the requirements of IFRS 9 but rather those of IAS 39.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group has assumed that the credit risk on the asset had not increased significantly since its initial recognition. This assessment has been made on the basis of the facts and circumstances that existed at the date of initial application.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces *IAS 18 Revenue*, *IAS 11 Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The core principle of the new standard is that entities should recognize revenue to depict the transfer of promised goods or services to customers. Depending on whether certain criteria are met, revenue is recognized over time or at a point in time, when control of the goods or services or underlying assets in case of the Group is transferred to the customer.

Based on the assessment performed, management considers that the IFRS 15 did not have a material impact on the Group's accounting policies.

2.3 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the following new or amended standards relevant for preparing these condensed interim consolidated financial statements.

IFRS 16 Leases

IFRS 16, published in January 2016, replaces the existing *IAS 17 Leases*, *IFRC 4 Determining whether an Arrangement contains a lease*, *SIC-15 Operating Leases-Incentives* and *SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Dubai Financial Market P.J.S.C.

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

for the three month period ended 31 March 2018

2 Summary of significant accounting policies *(continued)*

2.3 New standards and interpretations not yet adopted *(continued)*

IFRS 16 Leases *(continued)*

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to current standard i.e lessor accounting to classify leases as finance or operating leases.

The Standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial application of IFRS 16. The Group is currently assessing the impact of this standard on its condensed interim consolidated financial statements.

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 acquired during the period are included in the condensed consolidated interim statement of income from the effective date of acquisition.

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 2017, except for new significant judgments and key sources of estimation uncertainty related to the application of IFRS 9 and IFRS 15, which are disclosed in Note 2.

5 Financial risk management

The Group’s financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 31 December 2017.

Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2018

6 Goodwill and other intangible assets

	Goodwill AED'000	License to operate as a stock exchange AED'000
Cost		
At 1 January 2017 and 2018	2,878,874	2,824,455
At 31 March 2017 and 2018	2,878,874	2,824,455
Amortization		
At 1 January 2018	-	621,379
Charge for the period	-	14,122
At 31 March 2018	-	635,501
At 1 January 2017	-	564,890
Charge for the period	-	14,122
At 31 March 2017	-	579,012
Carrying amount		
At 31 March 2018	2,878,874	2,188,954
At 31 March 2017	2,878,874	2,245,443
At 31 December 2017	2,878,874	2,203,076

There was no evidence of impairment of the goodwill at 31 March 2018 on the basis that the fair value of the business, based on the Company's quoted market price at 31 March 2018 was in excess of its net assets at that date. DFM as an entity is considered a single cash generating unit for impairment testing purpose.

Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2018

7 Other financial assets measured at fair value through other comprehensive income

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Investment in equity securities	333,065	377,035
Managed funds – Note (a)	263,062	275,851
Investment in sukuk – Note (b)	202,695	203,660
	<u>798,822</u>	<u>856,546</u>

(a) Managed funds include funds of AED 239.70 million (31 December 2017: AED 245.29 million) managed by a shareholder of the parent (Note 10).

(b) 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. (2017: 6.04% to 6.75%), which is payable at the discretion of the issuer.

Investments by geographic concentration are as follows:

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
- Within U.A.E.	765,956	817,136
- Outside U.A.E.	32,866	39,410
	<u>798,822</u>	<u>856,546</u>

8 Investment at amortised cost

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Investment in Sukuk – Note (a)	193,922	94,756
	<u>193,922</u>	<u>94,756</u>

(a) Investment in sukuk in the U.A.E matures in 4-10 years and carries a fixed profit rate of 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 2018

9 Investment deposits

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Current:		
Investment deposits maturing in less than 3 months	860,000	486,730
Investment deposits maturing up to 1 year but more than 3 months – Note (a)	980,148	1,803,418
	<u>1,840,148</u>	<u>2,290,148</u>
Non-current:		
Investment deposits maturing above 1 year	267,375	292,213
	<u>2,107,523</u>	<u>2,582,361</u>

- (a) Investment deposits are placed with financial institutions in the UAE, and carry profit rates ranging 2% to 3% (31 December 2017: 2% to 3%) per annum.
- (b) 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.
- (c) Dividends received from and payable on behalf of companies listed on DFM and Ivestor card balances amounting to AED 550 million (31 December 2017: AED 550 million) have been invested in current 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:

	Three month period ended 31 March	
Transactions during the period	2018 AED'000 (Un-audited)	2017 AED'000 (Un-audited)
Investment revenues	11,301	11,428
Interest expense	294	281
Dividend revenues	8,441	8,441
Rent – Dubai World Trade Centre	2,427	2,411

Dubai Financial Market P.J.S.C.

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

for the three month period ended 31 March 2018

10 Related party transactions and balances (continued)

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

	Three month period ended 31 March	
	2018 AED'000 (Un-audited)	2017 AED'000 (Un-audited)
Compensation of key management personnel		
Short-term benefits	3,070	3,150
General pension and social security	235	223
Board of Directors		
- Remuneration to the Nasdaq Dubai Board	270	288
- Remuneration to the DFM Board	2,100	1,800
- Meeting allowance for the Group	348	276

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Balances		
<i>(a) Other related parties</i>		
Managed funds (Note 7)	239,697	245,287
Financial assets at FVOCI	302,303	319,775
Investment at amortised cost	44,383	44,952
Cash and bank balances	1,031,763	119,370
Investment deposits	924,786	1,215,768

(b) Due to related parties

Parent

Expenses paid on behalf of the Group	9,589	16,173
Subordinated loan (Note i)	26,910	26,616
Dividends payable	637,000	318,500

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

Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2018

11 Prepaid expenses and other receivables

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Accrued income on investment deposits	33,600	33,338
Accrued trading commission fees	1,699	4,242
Due from brokers	10,560	2,055
Prepaid expenses	16,416	9,043
Other receivables	5,376	3,011
Central counterparty balances – Note (a)	3,647	11,649
	<u>71,298</u>	<u>63,338</u>
Less: allowance for doubtful debts	(326)	(317)
	<u>70,972</u>	<u>63,021</u>

Net movement in allowance for doubtful debts:

Opening balance	317	348
Charge/(reversal) for the period/year	9	(31)
Closing balance	<u>326</u>	<u>317</u>

- (a) 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.

12 Cash and cash equivalents

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Cash on hand	232	207
Bank balances:		
Current accounts	45,793	41,357
Savings accounts	67,213	1
Mudarabah accounts	947,541	141,005
	<u>1,060,779</u>	<u>182,570</u>
Investment deposits with original maturities not exceeding three months	121,367	291,039
Cash and cash equivalents	<u>1,182,146</u>	<u>473,609</u>

- The rate of return on the saving and mudarabah accounts is 0.18% to 0.46% per annum (31 December 2017: 0.17% to 0.44% per annum).
- Dividends amounting to AED 1 million (31 December 2017: AED 1 million) distributed by the Company on the behalf of other listed companies remain unclaimed from the Company's bank as at 31 March 2018.
- Dividends received from and payable on behalf of companies listed on DFM and Ivestor Card balances amounting to AED 480 million (2017 : AED 180 million) have been placed with the banks by the Company.

Dubai Financial Market P.J.S.C.

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

for the three month period ended 31 March 2018

13 Share capital

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Authorised, issued and paid up share capital:		
8,000,000,000 shares (31 December 2017: 8,000,000,000 shares) of AED 1 each (31 December 2017: AED 1 each)	<u>8,000,000</u>	<u>8,000,000</u>

The Company has declared dividends of AED 399.8 million, including Non-sharia compliant income of AED 35.9 million for the year ended 31 December 2017 and AED 28.3 million for the year ended 31 December 2016 (Note 19), representing AED 0.05 per share. The dividends were approved by the shareholders at the Annual General Meeting held on 28 March 2018.

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 2018, as this will be affected at the year-end based on the Company's results for the year ending 31 December 2018.

(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 2018

15 Payables and accrued expenses

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Dividends payable on behalf of companies listed on the DFM	641,146	498,650
Ivestor cards	388,809	231,612
Members' margin deposits	25,697	38,841
Accrued expenses and other payables	16,533	14,352
Central counterparty balances (Note 11)	3,647	11,649
Unearned revenue	21,327	3,285
Brokers' retention	16,485	16,485
Due to U.A.E Securities and Commodities Authority	6,735	8,635
Zakat	943	905
VAT Payable (Note a)	1,112	-
Non Sharia compliant income (Note 19)	-	28,281
	1,122,434	852,695

- (a) From 1 January 2018, under Federal Decree – Law No. 8 of 2017, value added tax (VAT) has been levied in the United Arab Emirates. The Group complies with the executive regulations. DFM is required to file monthly returns and Nasdaq Dubai is required to file quarterly returns.

16 Earnings per share

	Three month ended 31 March	
	2018 (Un-audited)	2017 (Un-audited)
Net profit for the period attributable to owners of the Company (AED '000)	48,904	102,341
Authorised, issued and paid up share capital - ('000)	8,000,000	8,000,000
Less: Treasury shares ('000)	(4,237)	(4,237)
Number of shares issued ('000)	7,995,763	7,995,763
Earnings per share – AED	0.006	0.013

17 Commitments

	31 March 2018 AED'000 (Un-audited)	31 December 2017 AED'000 (Audited)
Commitments for the purchase of property and equipment	26,380	31,107

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

Dubai Financial Market P.J.S.C.

Notes to the condensed consolidated interim financial information (continued)

for the three month period ended 31 March 2018

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 a stock exchange and related clearing house.

19 Non Sharia compliant income

Non Sharia compliant income of AED 35.9 million relating to 2017 (2017: AED 28.3 million relating to 2016) as approved by the Company's Sharia and Fatwa Supervisory Board, has been appropriated from retained earnings during the period ended 31 March 2018 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 2018

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 2018 and 31 December 2017.

	31 March 2018 (Un-audited)			
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through other comprehensive income				
- Equities	290,039	-	43,026	333,065
- Managed funds	-	262,892	170	263,062
- Investment in sukuk	202,695	-	-	202,695
Total	492,734	262,892	43,196	798,822
	31 December 2017 (Audited)			
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets at fair value through other comprehensive income				
- Equities	333,618	-	43,417	377,035
- Managed funds	-	275,681	170	275,851
- Investment in sukuk	203,660	-	-	203,660
Total	537,278	275,681	43,587	856,546

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 2018

20 Fair value of financial instruments (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Measured at FVOCI	
	Unquoted equities	
	31 March 2018 AED'000	31 December 2017 AED'000
Opening balance	43,587	48,403
Redemption during the period / year	-	(4,005)
Unrealised losses	(391)	(811)
Closing balance	43,196	43,587

The fair value of the following financial assets and liabilities approximate their carrying amount: Investment deposits, accrued income on investment deposits, accrued trading commission fees, 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, Investor cards, members' margin deposits and accrued expenses and other payables.

During the three month period ended 31 March 2018, the Company acquired an investment in sukuk (note 8) which is measured at amortised cost in the condensed consolidated interim statement of financial position. The following table summarises the amortized cost and fair value of the sukuk at 31 March 2018:

	Carrying amount AED'000	Fair value AED'000
Investment at amortised cost		
Investment in sukuk	193,922	193,363

21 Approval of the condensed consolidated interim financial information

The condensed consolidated interim financial information for the three month period ended 31 March 2018 have been approved by the Board of Directors and authorized for issue on 7 May 2018.