CONTINUING OUR SUSTAINABLE DEVELOPMENT AND INNOVATION

DFM (PJSC) Annual Report 2019

Dubai Financial Market (PJSC)

Annual Report 2019

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H.H. Sheikh Mohammed bin Rashid Al Maktoum
UAE Vice President, Prime Minister and Ruler of Dubai

"Dubai has succeeded in building a business friendly environment to meet investor needs and requirements, such as full exemption from income and corporation taxes, high-tech facilities and infrastructure and dynamic real estate market with family orientated conveniences."

In this year's report

We have continued to improve our Annual Report with constructive and valuable information, through which we review our Strategy, our risk management practices, and our operational results. We have further highlighted our organization's sustainability achievements in protecting the environment, engaging with society and our role in promoting good Corporate Governance.

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You can access the electronic document of this report via our online website at **www.dfm.ae**

01. Overview

Who We Are

We are the first established financial market in the UAE in 2000. We offer primary and secondary market services to investors and issuers alike leveraging integrated operations with Nasdaq Dubai (the subsidiary). While operating, we seek to strengthen our stakeholder's relationships and create a shared value.

Vision

The World Class Regional Marketplace.

Mission

To provide stakeholders with innovative services in conducting trading, settlement and depository of securities, in an efficient, transparent and liquid environment.

Values

Transparency: We prioritise transparency across all our actions and decisions.
Efficiency: We focus on building efficiency into every aspect of our operations.
Confidentiality: We accord the utmost confidentiality to our clients and their interests.
Integrity: We conduct ourselves with unconditional integrity and ethics.
Innovation: We believe the future depends on the innovation we empower today.

2019 Highlights

66

Listed companies

844
Thousand

Total market investors

13.1
AED billion

Dividends distributed on behalf of listed companies

9.4%

Market capitalization growth (2011-2019)*

327.1
AED million

Consolidated recurring revenue of DFM PJSC

37.4%

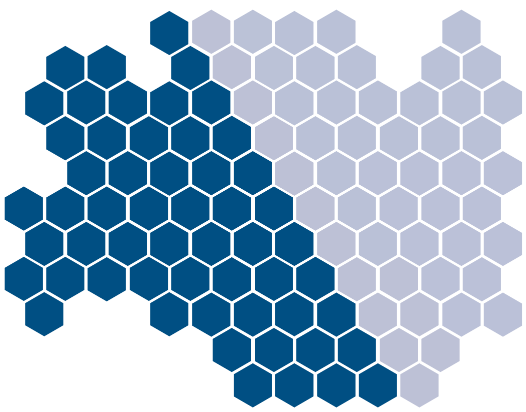
Net profit margin of DFM PJSC

161

Total employees, of which 57% are women

48%

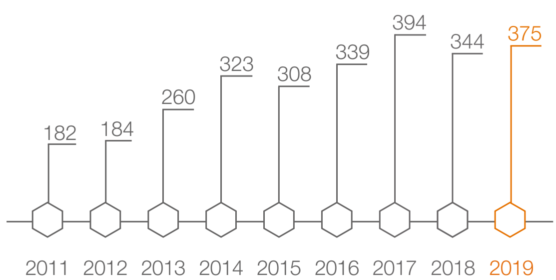
Percentage of foreign investors' trading from total traded value[1]



48%

DFM market share of UAE total traded value

DFM Market Capitalization (AED billion)



* Compound annual growth rate.
[1] Foreign investors are defined as non-UAE nationals.

02. Strategic Report

Macroeconomic and Legislative Overview

Despite significant challenges and uncertainties overshadowing the region's economies as well as several world economies, the UAE's and Dubai's economy continued to grow at rates exceeding those achieved in many developed and emerging economies. Available forecasts indicate that Dubai's economy is expected to grow by 2.1% in real terms in 2019 compared to 1.9% in 2018. The UAE economy is expected to grow by 1.6% in 2019 compared to 1.7% in 2018. Compared to the expected growth rates in various countries around the world, the expected growth for Dubai in 2019 lies among the highest rates in the world. This growth exceeds the average growth rates for each of the developed economies including the G7, EU, Middle East and Central Asia including oil-exporting countries, Latin America and the Caribbean Basin countries.

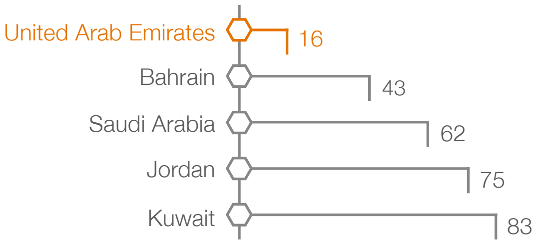
On a sectoral level, the growth of Dubai's economy during 2019 was driven by the continued vitality in the Transport, Trade, Tourism, Real Estate and Construction sectors, which collectively contribute to more than 57% of Dubai's GDP.

This ability to overcome all challenges and achieve relatively high growth rates exhibited by the national economy in general and Dubai's economy in particular is attributed to the diversity of the production base, the existing appropriate environment that encourages and attracts investments, and to the openness to and integration with the rest of the world economies. This environment, which has been strengthened in the UAE over the past three decades, combined with a world-class infrastructure and legislative frameworks, lead to more elasticity in the structure of the national economy and enabled it to adapt to various challenges and difficulties.

It is also worth noting that a large portion of the national economy's ability to efficiently overcome all kinds of challenges is attributed to the government's continued efforts, particularly Dubai's government, to lead initiatives and inspire all sectors of the society, both individuals and organizations, to pursue innovation and creativity. This resulted in creating investment opportunities that utilized the educational advancement and knowledge-based economy, which became part of the UAE's key features in the past decade. Promoting innovation among educated and knowledgeable human capital played an active role in turning challenges to opportunities, thus continuing to drive investment and economic growth in Dubai to remain higher than its peers in the region.

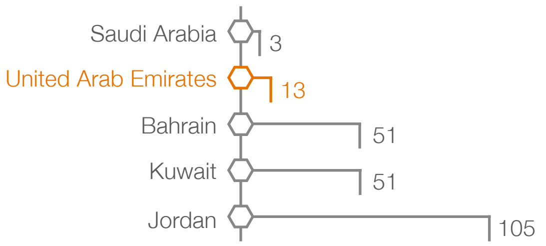
As a result, the UAE ranked 16th (among 190 countries evaluated) on the World Bank's report of Ease of Doing Business 2020 ranking which measures ease of doing business and favorability of global regulatory environments. The UAE achieved this rank as a result of the existing encouraging legislations and procedures for starting new businesses, ease of access to adequate funding, commitment to contract enforcement, as well as improved insolvency resolving. Furthermore, the latest report issued by The World Economic Forum (Davos) on Global Competitiveness shows that the UAE continued to rank 1st in the Arab world and 25th internationally.

Ease of Doing Business 2020 Global Rank



The same 2020 rankings highlighted the strong level of protection offered to minority shareholders, with the UAE placed 2nd regionally and 13th globally for its Corporate Governance regulations and transparency requirements, which reduce risk for investors.

Protecting Minority Investors 2020 Global Rank



As for financial markets, their performance was mostly positive, indicating its adaptability to the ever changing global economic and political landscape as well as the resulting uncertainty. During 2019, the main index in 62 out of the 76 exchanges with available information from the World Federation of Exchanges showed an increase, while the indexes of 14 exchanges showed a decrease[1].

In addition to flexibility and adaptability, the UAE's capital markets benefited also from the improvement in economic activity represented by a slight rise in economic growth, which reflected positively on performance as the Dubai Financial Market General Index (DFMGI) exhibited a 9.3% increase y-o-y, while the Abu Dhabi Index (ADI) exhibited a 3.3% increase over the same period.

The total traded value of DFM amounted to AED 53.1 billion in 2019 compared to AED 59.7 billion in 2018, whereas the total traded value of Abu Dhabi Securities Exchange amounted to AED 56.8 billion in 2019 compared to AED 39.6 billion in 2018[2].

1 Source: The World Federation of Exchanges (WFE).
2 Source: The DFM and ADX trading data.

Chairman's Statement

"DFM continued to lead the way in the development of the UAE's financial markets, through the implementation of a substantial part of its structural development plan and the establishment of independent depository and clearing companies, thereby taking corporate excellence to new levels."

In the name of God, the Most Gracious, the Most Merciful

Esteemed Shareholders,

On behalf of the Board of Directors and Senior Management, it is my pleasure to present to you the 13th Annual Report of the Dubai Financial Market Company (DFM) (PJSC), to highlight the Company's key developments and financial statements for the year ending 31st December 2019.

In 2019, DFM continued to lead the way in the development of the UAE's financial markets, through the implementation of a substantial part of its structural development plan and the establishment of independent depository and clearing companies, thereby taking corporate excellence in the market to new levels. DFM also implemented several projects in line with the 2021 strategic plan, aimed at enhancing market competitiveness, sustained growth and the diversification of its product and service offerings. Additionally, DFM launched a number of pioneering sustainability initiatives.

Esteemed Shareholders,
It is my pleasure to provide you with highlights of achievements and developments during 2019:

First: In 2019 we launched the new post-trading services organizational structure aiming to separate trading activities from post-trading services in line with international best standards. A significant part of the reorganization plan has been completed, including licensing the Dubai Central Clearing & Depository Holding (DCCD) L.L.C., a holding company providing post-trading services. The Dubai Central Clearing

& Depository Holding (DCCD) L.L.C. is the holding company of two companies, namely: Dubai Central Securities Depository (Dubai CSD) (L.L.C.) and Dubai Clear (L.L.C.). We officially received the regulatory license from the Securities and Commodities Authority (SCA) to incorporate Dubai CSD (L.L.C.) as the first independent company for central securities depository services in the UAE. With regard to Dubai Clear (L.L.C.), the central counterparty company, it is due to commence operations in the year 2020 upon receiving the regulatory approval from SCA.

Second: As part of the efforts to diversify its product and asset classes, the DFM is accelerating towards the launch of its Free Zone Securities Platform, which is set to be the first of its kind globally. This launch comes as part of the Dubai 10X Plan and is a collaboration among a leading group of strategic partners including The Dubai Airport Free Zone Authority (DAFZA), the Securities and Commodities Authority (SCA) and the Supreme Legislation Committee in the Emirate of Dubai (SLC). The upcoming platform will enable free zone companies from various economic sectors to leverage the advantages of being listed in the Dubai Financial Market.

DFM also completed its preparations to launch the Real estate investment trusts (REITs) platform, which will be an important addition to the list of traded financial tools in light of the significant presence and global reputation of Dubai's real estate sector.

Third: The DFM is actively participating in the development of financial market regulatory and legislative infrastructure in cooperation with the concerned entities, including the Ministry of Economy, the Securities and Commodities Authority and relevant advisory bodies. We are working to encourage family and private businesses to benefit from the many offerings and advantages of the Financial Market to strengthen the attractive position of DFM as the most favored listing venue for companies. Based on our active communications with these companies, we anticipate a revival in the Initial Public Offering (IPO) sector, benefiting from the many changes and enhancements made during the past period.

Fourth: As the world's first Shari'a-compliant exchange since 2007, the DFM continued its significant contributions to strengthen Dubai's position as the world's Islamic economy capital by launching "DFM Shari'a Index (DFMSI)", the first of its kind among capital markets in the UAE. The Index provides investors with a standard tool to measure the performance of Shari'a-compliant companies, which facilitates investor trading in shares of these companies and supports DFM's efforts to attract more Islamic investment.

Fifth: Our efforts to cultivate Environmental, Social and Governance (ESG) practices among market participants received a strong boost with the launch of DFM's sustainability strategy 2025. The strategy aims to make DFM the region's leading sustainable financial market by developing the best sustainability and governance practices in listed companies and encouraging responsible investment. The DFM cooperates with many leading establishments to strengthen sustainability and governance practices as the "Dubai Sustainable Finance Working Group" was launched by the DFM, the DIFC and ten other founding members as part of their joint efforts to support sustained development objectives of UAE 2030 and Dubai Plan 2021.

Sixth: Within the framework of the "Smart Borse", which is part of DFM strategy 2021, and in line with the wise leadership's vision to expand the use of innovative solutions, the DFM launched the "myAccount" service in a step that is the first-of-its-kind to strengthen its position as an innovative and leading market. This service allows investors to make cash transfers from the electronic dividends account to bank account or iVESTOR accounts. It also enables them to use available funds to participate in IPO's and rights issues.

The market successfully distributed AED 13.1 billion in cash dividends for the fiscal year 2018 to more than 432,000 investors on behalf of 38 listed companies.

Seventh: With regards to market performance, there was an increase in the General Index by 9.3%. Despite a 11.1% decline in the market's total traded value to AED 53.1 billion, the market remained attractive to foreign investment as foreign investor transactions generated net purchases of AED 2.8 billion. Foreigners acquired 48.1% of total traded value, with a shareholding of 17.3% of total market capitalization.

Institutional share of total market capitalization reached 83.6% at the end of 2019, with a 54.4% share of the total traded value during 2019. The market attracted 3,067 new investors, bringing the total to 844,455 registered investors. In its continued efforts to attract more liquidity, the market organized two highly successful international investors roadshows in New York and London this year, reflecting the investors' confidence in the economic environment of Dubai and the UAE. This also reflects the increased ability to attract new institutional investors as a positive sign of future market momentum in the coming period.

Eighth: In appreciation of the market's adoption of the highest customer service standards, DFM received the 2019 Dubai Quality Award (DQA) for the financial sector category, in addition to the "Excellence Recognition" award from the European Foundation for Quality Management (EFQM). The market received both awards at its first nomination following a comprehensive assessment encompassing all of DFM's procedures and services that found it to apply a work environment of customer service excellence and quality.

Esteemed Shareholders,

With regards to the financial performance of the Dubai Financial Market Company (PJSC) during 2019, the consolidated net profit reached AED 122.1 million compared with AED 125.5 million in 2018. Total consolidated revenue for 2019 was AED 327.1 million compared with AED 334.4 million in 2018. The 2019 revenue included AED 187 million of operational revenue and AED 140.1 million from investments and others.

Esteemed Shareholders,

In conclusion, I extend my deepest appreciation to His Highness Sheikh Mohammed Bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, for his generous support to the DFM. I also would like to thank the Fatwa and Shari'a Supervisory Board, all market participants and the DFM team for their efforts and hard work to achieve the desired goals. I would also like to express our thanks and deep gratitude to you, our valued shareholders, for your trust and constant support. We pledge to always remain trustworthy and strive to achieve further success in the near future.

Best Regards,

Essa Abdulfattah Kazim
Chairman
Dubai Financial Market (PJSC)

Operational Review

Business Model

We continued to run our operations in line with our 2021 strategy, with a keen focus on strong service development, and adding value for all DFM stakeholders. The following business model depicts our results by the end of 2019.

Issuers Raising Capital (2000-2019)

IPOs 23
Rights Issues 25
Bonds 50
Convertible Bonds 3
Sukuks 137

Listed Asset Class as of 31 December 2019

DFM PJSC (established in 2000) - Stocks 66 (of which 41 are Shari'a-compliant)

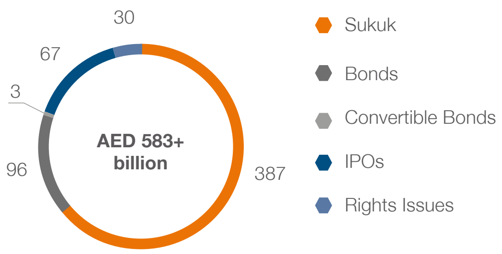
owns 66.67% of

Nasdaq Dubai (established in 2006) - Stocks 7 (of which 6 are Shari'a-compliant) Bonds 28 Sukuks 75 Futures 33 REITs 2

- One trading platform for both markets.
- Investor base of more than 844,000 Served by 54 Brokers.
- Diversified asset classes with a combined total value of above AED 781 billion.

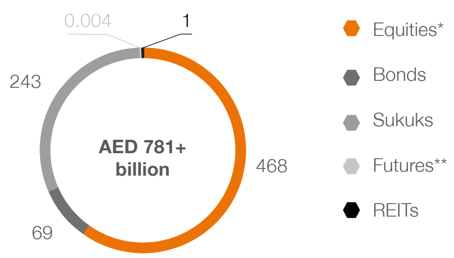
Primary Market

Total Raised Funds (AED billion)



Secondary Market (Includes DFM and Nasdaq Dubai)

Diversified Asset Classes (AED billion)



**Open Interest
*Market Capitalization includes dual listings

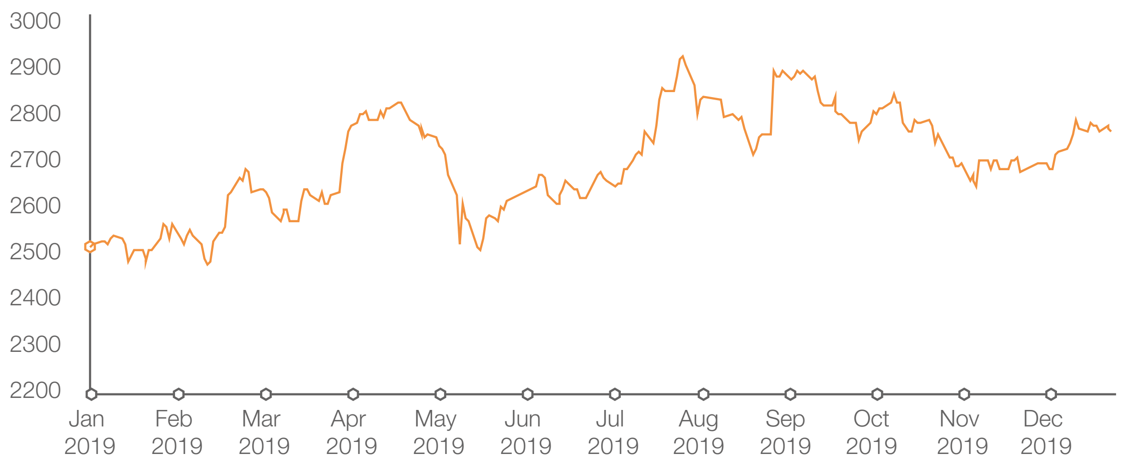
Who We Are	Our Assets	How We Add Value
An Exchange: We are the UAE's first exchange established in 2000, and in 2007 we became the first globally Shari'a-compliant exchange.	**Financial Capital:** Our financial statements feature a paid-in capital of AED 8 billion and a debt-free balance sheet.	**A Primary Market:** We continue to optimize DFM's operations to provide issuers with world-class services. These efforts have seen the listing of AED 781 billion of raised funding across DFM and the subsidiary Nasdaq Dubai since the inception of both markets.
A Public-listed Company: Following an initial public offering, we became the first publicly listed regional exchange in 2007, with a free float of 19.34% by the end of 2019. We leverage our integrated operations with our subsidiary Nasdaq Dubai to offer a diversified range of asset classes. With a single investor number, we provide seamless trading across the two exchanges.	**Intellectual Capital:** This includes our license, DFM and subsidiary trademarks, as well as a substantial market database.	**A Secondary Market:** We offer liquidity for governments, institutions and individuals, catering for a wide range of financial needs. Total equity market capitalization has appreciated by over 9.4% since 2011.
An Influencer: Our business model is built around multiple stakeholders. From investors, to brokers, issuers, and regulators, to society as a whole. Creating long-term shared value is at the heart of DFM's strategy.	**Human Capital:** DFM's Executive Management experience collectively exceeds 131 years.	**Healthy Dividends:** As a public joint stock company DFM has offered healthy dividends throughout the years, with total dividends equal to AED 3.6 billion by the end of 2018.
	Strategic Partnerships: We cultivate strategic partnerships with regulators, brokers, banks, issuers, shareholders, and stakeholders.	**Shared Value:** We drive business excellence, governance and investor relations best practices among our listed companies. As a good corporate citizen, we add value through proactive engagement with our stakeholders.
	World-Class Trading Platform: Featuring a complex multi-asset trading system that supports multiple markets simultaneously using a state-of-the-art global brand (INET).	

Operational Review

Market Performance

The Dubai Financial Market General Index reached 2,765 points at the end of 2019 compared to 2,530 points at the end of 2018; an increase of 9.3%. DFM market capitalization stood at AED 375 billion at the end of 2019 compared to AED 344 billion at the end of 2018; an increase of 9%. The total traded value of shares reached AED 53.1 billion during 2019, compared to AED 59.7 billion during 2018, down by 11.1% y-o-y. The number of shares traded reached 40 billion shares during 2019 compared to 45.4 billion shares during 2018; a decline by 11.9% y-o-y. Furthermore, the number of transactions executed during 2019 decreased by 0.5% y-o-y to reach 657 thousand compared to 660 thousand deals carried out during 2018.

DFM General Index 2019



As for the different sectors' contribution to trading volumes, the Real Estate and Construction sector ranked first in terms of traded value, to reach AED 20.4 billion, or 38.4% of the total traded value in the market. The Banking sector ranked second at AED 18.2 billion; a 34.3% contribution, followed by the Financial and Investment Services sector with AED 5.3 billion; a 10.0% contribution, the Transportation sector at AED 5.2 billion; a 9.8% contribution, the Insurance sector with AED 1.9 billion; a 3.6% contribution, the Services sector with AED 783 million; a 1.5% contribution, the Consumer Staples and Discretionary sector with AED 669 million; a 1.3% contribution, and the Telecommunications sector with AED 589 million; a 1.1% contribution, and finally the Industrials sector with AED 11.3 million.

The value of shares bought by foreign investors during 2019 reached AED 26.9 billion comprising 50.7% of the total traded value. Whereas, the value of shares sold by foreign investors during the same period reached AED 24.1 billion comprising 45.4% of the total value traded. Accordingly, DFM net foreign investment in-flow reached AED 2.8 billion.

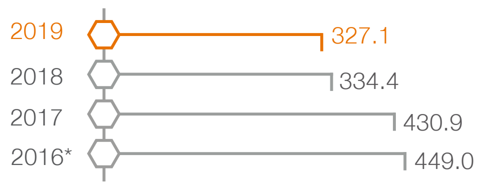
On the other hand, the value of shares bought by institutional investors during 2019 reached AED 27.8 billion, comprising 52.4% of the total traded value. Whereas, the value of shares sold by institutional investors during the same period reached AED 26.5 billion which constitutes 50% of the total traded value. Accordingly, net institutional investment in-flow amounted to AED 1.3 billion.

Financial Review

Over the following pages, we review the consolidated financial results for Dubai Financial Market PJSC, including those of its subsidiary Nasdaq Dubai, for the period ending 31st December 2019.

Revenues

Recurring Revenues (AED million)

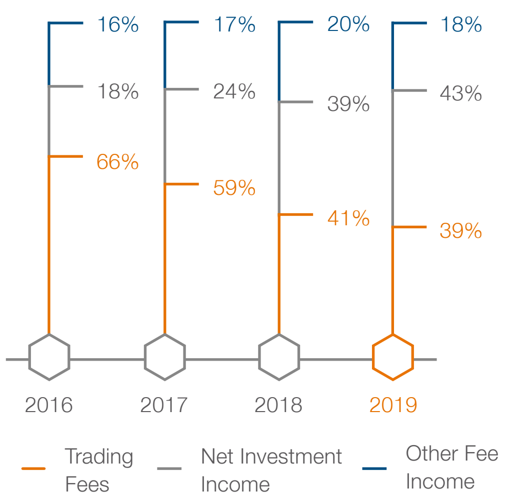


*Excludes an extraordinary income from gifted land income and expense provision for Wakala deposit in the amount of AED 5.3 million.

- DFM PJSC total consolidated recurring revenues during 2019 amounted to AED 327.1 million, reflecting a 2% decline compared to 2018, mainly driven by a decrease of 11% year-on-year (y-o-y) in DFM's traded value. This result came despite an 8% increase in investment income.

- Trading revenues constituted 39% of DFM's total revenues in 2019. Investment revenues accounted for 43% of total revenues, and other revenues such as clearing, depository and settlement services, broker services, as well as fees from reports, selling market data, managing dividends on behalf of listed companies and other revenues, which in aggregate accounted for 18% of total revenues.

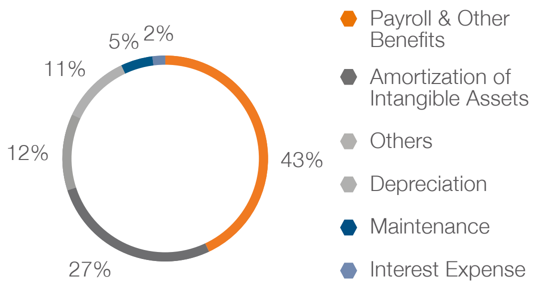
Recurring Revenues Breakdown (%)



Expenses

DFM's total expenses in 2019 amounted to AED 205.1 million, compared to AED 208.9 million during 2018. DFM adopts best international practices in maintaining operational efficiency coupled with acheiving profitability margins.

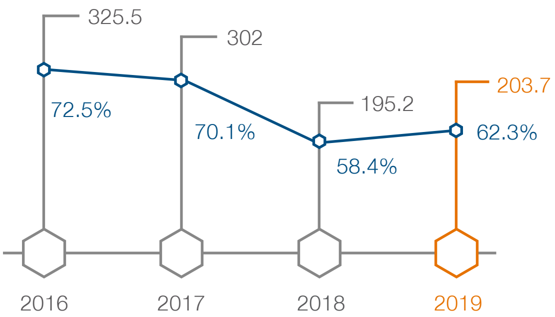
Consolidated Expenses Breakdown (%)



Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

DFM's EBITDA reached a total of AED 203.7 million at the end of 2019 compared to AED 195.2 million at the end of 2018, an increase of 4.4%. The EBITDA margin reached 62.3% at the end of 2019 compared to 58.4% at the end of 2018.

EBITDA

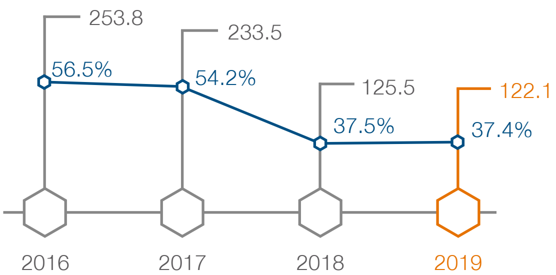


EBITDA (AED million) EBITDA Margin (%)

Net profit

Dubai Financial Market achieved a consolidated net profit of AED 122.1 million at the end of 2019, a 3% decrease y-o-y affected by the decline in trading revenue. However, DFM maintained its net profit margin of 37.4%, compared to the end of 2018.

Consolidated Net Profit



Consolidated Net Profit (AED million) Net Profit Margin (%)

Assets

The total assets of DFM stood at AED 9,681 million at the end of 2019 compared to AED 9,433 million at the end of 2018. DFM's balance sheet is characterized by its financial stability, in terms of being debt free and the ability to pay off liabilities. The ratio of total liabilities to total assets stood at 18.5% in 2019 compared to 17.5% in 2018.

Liabilities

DFM liabilities stood at AED 1,789.5 million at the end of 2019 compared to AED 1,659.3 million at the end of 2018, an increase of 8%.

Our Strategy

The Dubai Financial Market (DFM) leverages its leading position in the region, in line with its vision to become a “World-Class Regional Marketplace”. Our continuous strategic efforts have provided an essential contribution towards Dubai’s position in capital markets, achieved by applying international best practices and consistently meeting the growing needs of local and international investors. Aligned with Dubai’s Plan 2021, and based on studies carried out by independent consultants, the DFM Board of Directors have adopted an updated five-year strategy for the years 2017- 2021, which aims to boost market growth, increase revenues and add value to all stakeholders. Throughout 2019, the DFM continued to conduct its business according to five key strategic goals that provide a roadmap through to 2021. The strategic priorities are outlined as follows:

The following section explains in more details each of the five main goals and highlights the most significant achievements and initiatives implemented during 2019:

1

Promoting happiness and satisfaction of existing and future shareholders as well as stakeholders

Over recent years, the satisfaction and happiness of our shareholders as well as our stakeholders has been a key strategic objective for the DFM. Today, we promote this goal by offering new services to cater for the various needs of our stakeholders, and through strengthening relationships with our strategic partners. An integral part of our strategic pillar is to ensure the happiness of the stakeholders within the communities in which DFM works, with the aim of achieving sustainable development.

1. Continued efforts to raise stakeholders' happiness levels

The DFM has provided stakeholders with a variety of services and tools that contribute to raising their levels of happiness. The market has been tracking stakeholders' satisfaction surveys since 2013, and last year the Client Services Affairs happiness meter evaluations reached 100%.

During 2019 as well, DFM announced the results of the first round of its Brokers Excellence Rating, launched back in 2018. This scheme has created an ongoing mechanism enabling brokerage firms to identify strengths and gaps based on the evaluation conducted by experts in addition to the results of Mystery Shopper, DFM measurement rules as well as on-site visits to companies' headquarters and call centers. To process employees evaluations swiftly, the DFM adopted a new electronic system with higher efficiency in measuring performance.

2. Social responsibility

Supporting social events is part of the DFM's strategy for sustainable development and is manifested through involvement in public events including the UAE National Day, Martyrs Day, and Flag Day, as well as international events such as International Women's Day 2019, UAE Women's Day, the CSR annual day, and World Health Day. For further details on our social contributions please refer to the sustainability section of this report pages 32-51.

2

Cementing DFM's position as a Smart Borse

We continue to strengthen our position as a Smart Borse, as first initiated in 2014 with innovative eServices, smartphone applications and the eIPO platform. Currently, we are boosting Smart usage; and developing new smart solutions such as encouraging non-subscribed issuers to distribute dividends through the iVESTOR Card, extending the reach of digital investor services, automating stakeholders' services, and adopting Artificial Intelligence technologies.

1. Development of several innovative digital solutions

The DFM continued to develop a series of innovative solutions that utilize advanced technologies to provide its services through multiple channels in line with market participants' requirements. The market has enhanced the services of its platform for cash dividend distribution via the launch of "myAccount" service; an electronic account that enables investors to seamlessly transfer dividends to their iVESTOR Card accounts, bank accounts as well as to pay for IPOs and Right Issues subscriptions.

2. Encouraging trading via smart phone applications

The DFM is actively collaborating with various licensed brokerage firms to provide investors with highly sophisticated services using effective and flexible communication channels including trading via mobile applications as the value of electronic trading reached 22 billion dirhams in 2019, constituting 21% of the total traded value. Within this framework, DFM continued to honor its most active brokerage firms in trading via smart phone applications.

3. Encouraging dividends distribution using Smart solutions

For the eighth consecutive year, the DFM has successfully distributed cash dividends on behalf of listed companies, using the iVESTOR Card and bank transfers. In 2019, a total of AED 13.1 billion in cash dividends was distributed on behalf of 38 companies to more than 432,000 investors.

3

Developing and sustaining DFM's infrastructure in line with international best practices

We strive to improve our business model and operations in accordance with international best practices. As part of this strategic direction, we focus on developing our Clearing, Settlement and Depository (CSD) systems and continue to adopt best practices that ensure sustainable governance is instilled across our listed companies and within the DFM as a company. Amongst the strategic initiatives to this end, the DFM aspires to implement the latest technologies in its operations, such as Block Chain, and continues to develop Shari'a-compliant standards that govern the classification of Shari'a financial tools.

1. Developing post-trade services

Dubai Central Securities Depository L.L.C. (Dubai CSD) is licensed as the first independent central securities depository service provider in the UAE. The establishment of the Dubai CSD as a separate legal entity provides enhanced protection to investor assets held with the depository, it also paves the way for the Central Counter Party (CCP) Company, Dubai Clear, as part of the DFM's post-trade reorganization plan. The structure separates the post-trade services from the exchange services of listing and trading in line with international best practices, global "IOSCO" standards and SCA regulations for post-trade services.

2. Launching DFM's Sustainability Strategic Plan

Leveraging its continuous efforts to promote Environmental, Social and Governance (ESG) best practices amongst listed companies and other stakeholders, the Dubai Financial Market launched its Sustainability Strategy that aims to create long-term shared value for DFM stakeholders and ultimately lead to position the exchange as the region's leading sustainable financial market by 2025. The four pillars of the DFM Sustainability Strategy are; Sustainability Reporting & Disclosures, Sustainable Investment Education, Green Products & Listings, and Gender Balance & Empowering People. In order to streamline the implementation of the Sustainability Strategy, the DFM has formed a Sustainability Committee that will focus on creating awareness amongst local and regional investors and other stakeholders. To promote issuers' expansion in embracing ESG best practices, DFM launched its Guide on ESG Reporting to explain ways to enhance ESG reporting and promote transparency and disclosure in financial markets. To shed light on the ESG Reporting Guide, the DFM hosted a workshop for representatives of the listed companies.

3. Deploying new measure to raise efficiency

To provide investors with a fair and transparent trading environment enabling them to make educated investment decisions based on clarity about listed companies, DFM implemented new measures, in collaboration with SCA, pertaining to loss-making companies. Starting with the financial results of Q3-2019, listed companies are required to disclose accumulated losses representing 20% and above of capital and to submit reforming plan to SCA and DFM concurrently.

4. Fourth Board Secretary Accreditation Workshop for listed companies

In line with its focus on enhancing sustainability and promoting ESG best practices among listed companies and other stakeholders, Dubai Financial Market (DFM) has successfully contributed to the improvement of corporate governance practices in the UAE through its partnership with the Hawkamah Institute for Corporate Governance. In 2017, DFM and Hawkamah signed an agreement to collaborate towards corporate sector reform in Dubai and the UAE through improving governance practices of listed companies. Hawkamah has since then trained over 100 board secretaries, and briefed the boards of more than 65% of DFM-listed companies on the role of boards in driving good corporate governance.

5. Renewing the "ISO 9001:2015"

The DFM successfully renewed its "ISO 9001: 2015" for Quality Management System (QMS). The certificate is a key standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements and to demonstrate continuous improvement. This achievement underlines DFM's commitment to adopt international business excellence and quality standards as well as its constant endeavor to further enhance its services in line with international best practices.

4

Building competencies and ensuring employee happiness

We understand the importance of providing our investors and stakeholders with the latest products and services, delivered by a team of qualified and creative employees. To achieve this goal, we place great emphasis on attracting, maintaining and developing human resources, our most vital asset.

1. Training and nurturing talent

The DFM believes that people are the true capital and the driving impetus behind all success. Therefore, it focuses on attracting the best skills and talents, nurturing these capabilities through promoting career development, and instilling an organizational culture of innovation to achieve the results. To this end, 2019 saw the training and development of 124 employees over approximately 2,390 training hours.

2. Promoting a culture of excellence, creativity and innovation

In recognition of its commitment to the highest levels of quality in customer service DFM has won the 2019 Dubai Quality Award (DQA), for the financial sector category. A thorough evaluation of DFM's processes and procedures concluded that the exchange maintains an excellent business environment for its operations, procedures and services provided to market participants on par with the award's criteria. The DQA award came few months after winning the five star "Recognized for Excellence" Award from the European Foundation for Quality Management (EFQM) underlining DFM's achievement of the highest rates of competitive indicators by adopting advanced smart solutions and technological applications, as well as employing innovation in building a sustainable future. As part of an ongoing effort to nurture a culture of innovation amongst its employees and participant, the DFM participated in the "UAE Innovation Month 2019" by organizing a series of activities that included brainstorming sessions for employees, brokers, listed companies, custodians and strategic partners on ways to spark innovation.

5

Sustaining a stable financial performance and diversifying sources of income

As part of our efforts to broaden sources of income, maximize profits and enhance the added value offered to shareholders, we continually focus on diversifying investments and increasing market depth. We diligently work to achieve this by creating a culture and environment that encourages companies to list, while fostering a swift and seamless listing process. In order to increase traded values, we focus on diversifying our products and services, launching quality and innovative solutions, which cater to our stakeholders' needs, and enhancing operational efficiency for the benefit of CSD functions and brokers.

1. Reinforcing the culture of becoming public

As part of its approach to promote listing, and efforts to encourage family and private entities to benefit from capital markets and listing opportunities, the DFM organized a roundtable regarding IPOs and how private businesses can benefit from capital markets, taking place at the sidelines of the Sharjah FDI Forum. Attracting 38 senior representatives of 21 private companies from key economic sectors in Sharjah, such as real estate and developments; financial services; technology; retail; manufacturing /industrial; and oil and gas. The roundtable addressed details of the key stages of going public from company readiness and valuation, developing the equity investment story, to choosing the right time for going public and listing on the market.

2. Accelerating efforts to launch the Free Zone Securities Platform

In cooperation with a leading group of strategic partners, the Dubai Financial Market is well progressing to launch a securities trading platform for free zone companies.

This platform will allow free zone companies active in various economic sectors in the country (the UAE includes 45 free zones, of which 22 free zones are in Dubai-based with 31,000 companies) to unlock capital market's opportunities offered by listing on the Dubai Financial Market, including the ability to raise capital needed to implement expansion plans through a huge investor base, access to world-class infrastructure and regulations, as well as numerous other benefits related to the post-listing in the market.

3. Launching the DFM Shari'a Index "DFMSI"

The Index is a significant initiative that caters to investors' growing appetite towards ethical investments in the Islamic countries and beyond and is a step forward to attract more Islamic investments. Providing market participants with a benchmark to measure the performance of Shari'a-compliant listed securities and to take investment decisions accordingly, the Shari'a Index consists of 40 listed securities, with the initial market capitalization set as per stock prices on 31 December 2009 and the weightage cap for any company stood at 10%. Shares included in the DFM Shari'a Index are designated in line with the accredited list of Shari'a-compliant companies updated quarterly by the DFM Fatwa and Shari'a Supervisory Board, which revises the list following quarterly disclosures of financial results.

To the same end, the Securities and Commodities Authority and DFM plan to launch a governance index to urge listed companies to adopt the highest levels of transparency, disclosure, and social responsibility, in line with the best international standards.

4. The inclusion of DFM PJSC in the FTSE4Good Index

After satisfying the requirements of an independent assessment during June 2019 index review, the DFM PJSC was named a constituent of the FTSE4Good Emerging Market Index making it one of only four UAE constituent companies. The index, created by FTSE Russell being a global index provider, measures the performance of companies in the Emerging Market space demonstrating strong Environmental, Social and Governance (ESG) practices. Not only does the selection highlight DFM's strong ESG performance and continued sustainability leadership, it also drives the diversification of investment opportunities to increase the total traded value, as this classification attracts investors interested in responsible investing and environmental protection. ESG indices are used by institutions and individual investors worldwide to measure and evaluate investment performance and establish investment funds, exchange-traded funds and index-based derivatives. DFM continues to encourage its listed companies to adopt ESG reporting practices, which reinforces their ability to attract investments, access finance and enter new markets through good governance practices.

5. Strong momentum for the "Allocation Account" service

To meet the evolving needs of the international funds of providing seamless access to trading, the DFM launched the Allocation Account service early last year. This service increases efficiency of brokerage firms by enabling them to use a combined account with the clearing house to execute transactions on behalf of their clients. Due to the importance of this service to brokerage firms serving international funds, the service has gained a growing momentum as three DFM members were licensed to provide the service with the total value of implemented trades reaching AED 364 million during 2019. DFM continues to process applications from other brokerage firms that have applied for a similar license.

6. Strong foreign investors' presence

As part of its strategy to improve and diversify sources of liquidity, and attract more institutional investors, the DFM encourages listed companies to be more open and communicative with existing and potential investors alike, regularly updating them about business developments and growth strategies. To this end, the DFM organized two annual International Investor Roadshows in London and New York, during which meetings were conducted between senior executives, representing the DFM-listed companies, and representatives of global investment funds.

7. Enhancing Margin Trading rules to a greater flexibility

During the year, the Dubai Financial Market modified the margin trading rules permitting the transfer of margin-financed securities from the investor's margin trading account with one brokerage company to another, thereby providing both the investor and the broker with the choice to terminate the financing agreement before it expires with the least possible risk. The terms of broker's selling all or some of the securities available in the margin trading immediately upon the end of the period specified for the investor were modified so that the shortfall of the ownership percentage is recovered to the minimum prescribed maintenance margin instead of the initial margin. During 2019, the value of margin trading on the Dubai Financial Market reached AED 15.3 billion representing 14% of the total traded value.

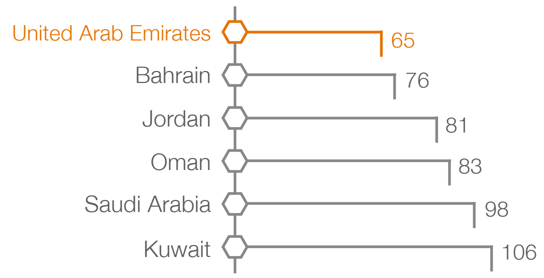
03. Sustainability

Our Sustainability

Capital markets play a pivotal role in shaping the future of the global economy, and efforts to drive sustainability are at the heart of this.

In the UAE, the national visions and plans are well aligned to the global sustainable development plans. According to the global Sustainable Development Goals (SDGs) Index report for 2019, the UAE overall SDG's performance ranked 65 out of 162 countries globally, and is the first in the GCC ranking. The rating indicates that the UAE outperformed the Arab region[1].

SDGs Global 2019 Ranking[1]



At DFM, we understand that informed investment decisions based on non-financial information are becoming increasingly important in today's investment landscape. To ensure we maximize our contribution to sustainable development locally and globally, DFM's sustainability approach is aligned with the SDGs, the UAE Green Agenda 2015-2030, the country's commitment to the Paris Agreement, and Dubai's Vision 2021 to create a smart and sustainable city. We have prioritized the following six SDGs for which DFM has been focusing its long-established corporate social responsibility (CSR) activities along with where we can have the most impact, and mapped these against our strategic corporate goals:

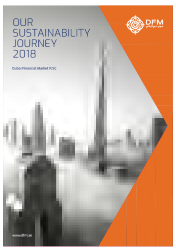
[1] Sustainable Development Report 2019.

ESG Highlights of 2019

We believe that during 2019 we have achieved great milestones in our Sustainability journey as a Company and as an influencer, the most important of which are listed as follows:

FTSE4Good

After satisfying the requirements of an independent assessment during June 2019 index review, the DFM PJSC was named a constituent of the FTSE4Good Emerging Market Index making it one of only four UAE constituent companies. The index, created by FTSE Russell being a global index provider, measures the performance of companies in the Emerging Market space demonstrating strong Environmental, Social and Governance (ESG) practices.



We have also issued our inaugural stand-alone Sustainability Report covering 2018 expanded with exciting and informative details following the international standards of the Global Reporting Initiative (GRI): Core Option. The report included a new release of DFM PJSC Sustainability Strategy 2025, Framework and Policy showing materiality assessment and emerging ESG issues important to DFM and all our stakeholders.

As part of the UAE's Sustainable Development Goals 2030 and Dubai's Strategic Plan 2021 and in collaboration with the Dubai International Financial Centre (DIFC), the DFM launched the "Dubai Sustainable Finance Working Group" which aims to co-ordinate efforts to create the most sustainable financial hub in the region.

DFM launched its Shari'a Index, the DFMSI during the second half of 2019, making it the first-of-its-kind in the UAE. Aimed to meet the requirements of investors seeking Shari'a-compliant investment opportunities, the accelerating pace of demand for ethical investments by investors in the Islamic world, and to further attract Islamic investments, the Index provides investors with a comprehensive benchmark to measure the performance of Shari'a-compliant listed securities.

During 2019, DFM launched a comprehensive ESG Reporting Guide to provide listed companies with invaluable insight to instil best practices of Environmental, Social and Governance (ESG) within their reporting processes through the implementation of 32 ESG metrics. The Guide was launched during an ESG Reporting Workshop for DFM-listed companies. While sustainability reporting is voluntary, DFM strongly encourages listed companies to further commit to ESG reporting.

In collaboration with the Dubai Women Establishment, DFM launched the first-of-its-kind eBoard, an online application platform, aimed to increase awareness of Board positions available on DFM-listed companies and to encourage female board representation on DFM-listed companies' Boards. The DFM eBoard was launched on International Women's Day in March 2019, during DFM's annual Gender Equality Bell-Ringing Ceremony in the presence of Her Excellency Mona Ghanem Al Marri, Vice President of the UAE Gender Balance Council.

Sustainability Strategy 2025

As the capital markets' business model encompasses a broad spectrum of relationships with stakeholders, it requires implementing a diligent approach to cultivate those relationships to be able to create long-term value across each stakeholder group. With this end in mind, DFM's Sustainability Strategy articulates our commitment to lead as the region's sustainable marketplace by creating long-term shared value for DFM stakeholders by 2025. The four pillars of the DFM Sustainability Strategy are; Sustainability Reporting & Disclosures, Sustainable Investment Education, Green Products & Listings, and Gender Balance & Empowering People. DFM prioritizes sustainability in every aspect of its corporate strategy and organizational operations to create this value.

Engaging with our Stakeholders

At DFM, we recognize that our continued success relies on delivering value to our diverse stakeholders. We consult and listen to each of our stakeholder groups, so that we understand their evolving needs and incorporate their perspectives into our strategies and actions. This is essential to ensuring DFM remains relevant, responsive and creates long-term value and happiness for our stakeholders.

For further details on DFM engagement with its stakholders, please refer to page 20-23 in the DFM PJSC Sustainability Report 2018.

Focusing on ESG Materiality

To ensure that DFM operations and sustainability management approach remain relevant and inclusive to allow us to manage and mitigate any potential material Environmental, Social and Governance (ESG) issues identified in a changing operational environment, we continue to engage our stakeholders and maintain a consistent and strategic dialogue with them.

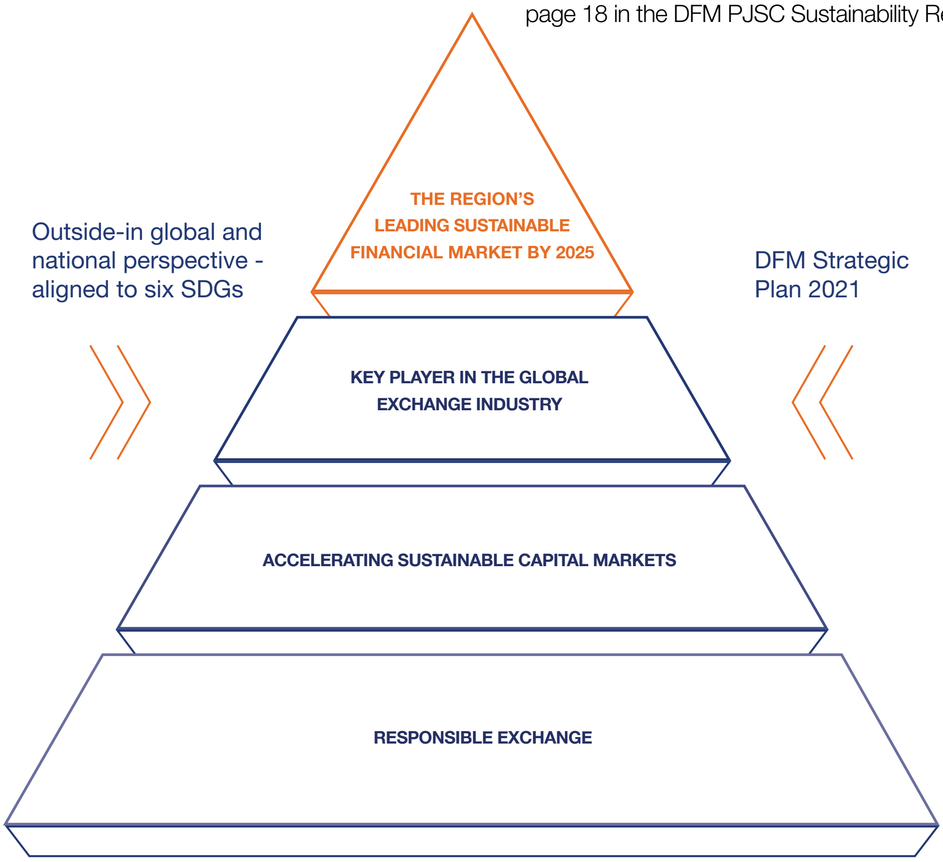
During this past year, we have conducted an assessment on the materiality of ESG issues among internal and external stakeholders; individual investors made up the majority of survey participants (54%), followed by DFM employees (23%) and DFM-listed companies (12%).

As a result, this assessment allowed us to capture and prioritize 20 material ESG issues that matter most to our stakeholders and influence DFM's strategy and operational activities; where the issue of anti-corruption and anti-bribery earned first priority, followed by financial stability issue, and data privacy came third. For further insight on the materiality matrix, please refer to page 25 of the DFM PJSC Sustainability Report 2018.

Leveraging these important results to steer our approach to sustainability, we have formed the DFM PJSC Sustainability Framework to ensure we remain abreast of these findings and integrate them into our strategy, operations and risk management framework.

Sustainability Framework

Our understanding of the current sustainability context and emerging trends shapes the foundation of DFM's sustainability framework. Through this framework, we aspire to create long-term shared value for our stakeholders, position DFM as the region's leading sustainable financial market by 2025 and contribute to the broader sustainability aspirations of national, sectoral and international agendas. For further details on the DFM Sustainability Framework, please refer to page 18 in the DFM PJSC Sustainability Report 2018.



1

RESPONSIBLE EXCHANGE

To become the region's sustainable capital market, it is essential that DFM leads by example. We continue to embed leading sustainability practices into our operations and identify opportunities to continuously improve. As a responsible exchange, we are committed to:

- Good governance and transparency
- Financial stability
- Digital innovation
- Developing our people
- Protecting the environment
- Enriching our communities

2

ACCELERATING SUSTAINABLE CAPITAL MARKETS

We are shifting the marketplace towards sustainability by focusing on four main pillars for DFM and its stakeholders:

- Sustainability Reporting and Disclosures
- Sustainable Investment Education
- Green Products and Listings
- Gender Balance and Empowering People.

3

KEY PLAYER IN THE GLOBAL EXCHANGE INDUSTRY

We aim to be a prominent player in the global exchange industry. Through effective partnerships and collaboration, we advocate for and contribute to the growth of responsible investing and sustainable market practices, while driving regional action towards the same outcomes.

DFM Sustainability Policy

Vital to our success, we prioritize sustainability in every aspect of our corporate strategy and operations, so that we create long-term shared value for all stakeholders. Our Sustainability Policy outlines our commitment to model responsible practices and do business in a way that contributes to an environmentally, socially and economically sustainable future. The policy focuses on areas, including:

1 Sustainable risks management

2 Supply chain management

3 Stakeholder happiness

4 Employee training and engagement

5 Women and youth empowerment

6 Water and energy conservation

7 Recycling Program

8 Develop sustainable products and services

9 Sustainability work policies and procedures

10 Sustainable data collection and reporting

We have fulfilled our promise in producing our inaugural stand-alone, detailed 2018 Sustainability Report, which can be viewed at www.dfm.ae. In the following pages we provide the reader with a summary of our 2019 sustainability achievements in line with our framework and Sustainability Strategy 2025:

- **Responsible exchange;** we highlight the importance of our governance role and how we develop our people and impact our society.

- **Accelerating sustainable capital markets;** shifting focus towards sustainability we will be highlighting sustainability and report disclosures along with our efforts in gender balance and empowering people.

- **Key player in the global exchange industry;** we highlight our effective partnerships and collaborations to advocate for the growth of responsible investing.

- **Going forward;** we discuss our general direction, plans and aspirations within the ESG sphere.

Responsible Exchange

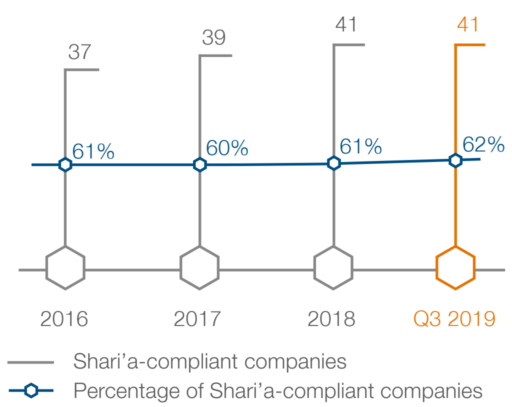
1. Promoting Good Governance & Transparency

Cultivating trust and confidence through good Corporate Governance (CG) has been an ongoing focus of our strategy. DFM's CG framework is supported by the UAE Securities and Commodities Authority (SCA), which clearly defines relevant matters and applicable limits. These parameters include those reserved for the Board's approval, and those which the Board may delegate to the Board Committees and Management. Building upon our 2017 Board-approved risk management framework, the DFM continued to update its risk appetite across the business to mitigate risk exposure of strategic, operational, compliance and financial risks and integrated ESG issues into the framework. For further details on DFM's risk management framework please turn to pages 72-74 in the governance report.

In recent years, DFM issued a resolution that sees listed companies obligated to enroll board members and board secretaries in governance programs, and to ensure that any board secretaries are DFM certified. DFM continued to collaborate with Hawkamah Institute for Corporate Governance (Hawkamah) in offering a Board Secretary Accreditation Program which is mandatory for all DFM-listed companies and is strongly recommended for non-listed companies. During 2019, the fourth workshop for board secretaries was concluded, bringing the total number of those who attended the course since initiation to 98, while those who passed the accreditation were 75.

Since inception, DFM has demonstrated pioneering sustainability leadership. Our journey began from a strong sense of ethical and social responsibility. We were the first market globally to comply with Islamic Shari'a principles, which are well aligned to the principles of sustainable development and ethical practices. In line with international best practices and accounting standards, and to meet the needs of ethical and belief-based investing, our Board Committees include the Fatwa & Shari'a Supervisory Board and Audit Committee, which all demonstrate the transparency of the market.

DFM Shari'a-compliant Listed Companies



Moreover, DFM shareholders appointed one female Board Member to its seven-member Board, an enhancement to our female Board Member representation.

During 2019, we have successfully renewed our ISO 9001 Quality Management certificate, which is a key standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements and the ability for continuous improvement. This achievement underlines DFM's commitment to adopt international business excellence and quality standards as well as its constant endeavor to further enhance its services in line with international best practices. Furthermore, initiatives from the Audit Committee and subsequent Internal Control procedures allowed us to gain the following ISO accreditations:

ISO 9001 Quality Management

ISO 27001 Security Management

ISO 20000 IT Service Management Practices

ISO 22301: 2012 Business Continuity Management System

In this Annual Report, we have dedicated a fully-fledged governance report, showcasing our best practices in governance with additional information on our Shari'a-compliant practices, our internal audit achievements, and our Board of Directors. To read further on our CG practices and framework please turn to pages 54-79 in this report.

See **page 67** for the **Audit Committee**
See **page 68** for the **Nomination and Remuneration Committee**

2. Financial Stability

As part of our strategy to “sustain a stable financial performance and diversify our sources of income”, maximize profits and enhance the added value offered to shareholders, we continually focus on diversifying investments and increasing market depth. We diligently work to achieve this by creating a culture and environment that encourages companies to list, while fostering a swift and seamless listing process. In order to increase traded values, we focus on diversifying our products and services, launching quality and innovative solutions, which cater to our stakeholders’ needs, and enhancing operational efficiency for the benefit of the Clearing, Settlement, and Depository (CSD) functions and brokers.

During 2019, our efforts to sustain a stable financial performance and to diversify our sources of income included the following achievements:

Reinforcing the culture of becoming public

As part of its approach to promote listing, and the continued efforts to encourage family and private entities to benefit from capital markets and listing opportunities, the DFM organized a roundtable taking place along the sidelines of the Sharjah FDI Forum, addressing details of the key stages of going public from company readiness and valuation, developing the equity investment story, to choosing the right time for going public and listing on the market.

Accelerating efforts to launch the Free Zone Securities Platform

In cooperation with a leading group of strategic partners, the Dubai Financial Market is progressing well to launch a securities trading platform for free zone companies.

This platform will allow free zone companies active in various economic sectors in the country (the UAE includes 45 free zones, of which 22 free zones are Dubai-based with 31,000 companies) to unlock capital market opportunities offered by listing on the DFM.

Launching the DFM Shari’a Index “DFMSI”

The Index is a significant initiative that caters to investors’ growing appetite towards ethical investments in the Islamic countries and beyond and is a step forward to attract more Islamic investments. Consisting of 40 listed securities, the Index provides market participants with a benchmark to measure the performance of Shari’a-compliant listed securities and to take investment decisions accordingly.

The inclusion of DFM PJSC in the FTSE4Good Index

After satisfying the requirements of an independent assessment during June 2019 index review, the DFM PJSC was named a constituent of the FTSE4Good Emerging Market Index. Not only does the selection highlight DFM’s strong ESG performance and continued sustainability leadership, it also drives the diversification of investment opportunities to increase the total traded value, as this classification attracts investors interested in responsible investing and environmental protection.

Strong momentum for the “Allocation Account” service

To meet the evolving needs of the international funds of providing seamless access to trading, the DFM launched the Allocation Account service early last year. Due to the importance of this service to brokerage firms serving international funds, the service has gained a growing momentum as three DFM members were licensed to provide the service with the total value of implemented trades reaching AED 364 million during 2019.

Strong foreign investors' presence

DFM continued to encourage listed companies to be more open and communicative with existing and potential investors alike, regularly updating them about business developments and growth strategies. To this end, the DFM organized two annual International Investor Roadshows in London and New York, during which meetings were conducted between senior executives, representing the DFM-listed companies, and representatives of global investment funds.

Enhancing Margin Trading rules to a greater flexibility

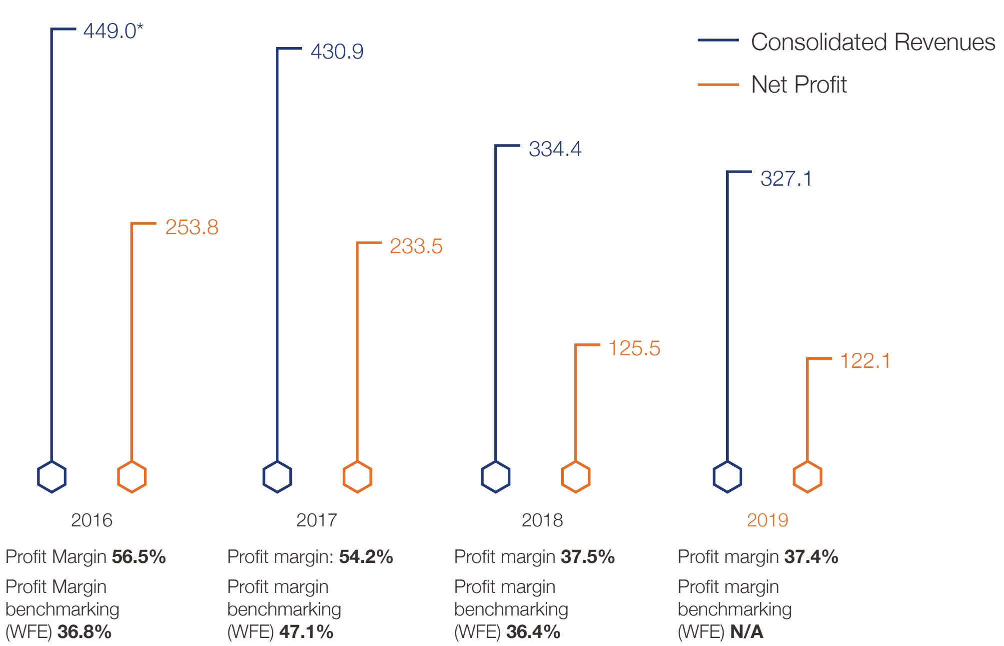
During the year, the DFM modified the margin trading rules to maximize efficiency, provide greater flexibility and increase trading safety. During 2019, the value of margin trading on the Dubai Financial Market reached AED 15.3 billion representing 14% of the total traded value.

During 2019, the performance of most of the financial markets was positive, indicating their adaptability to the ever-changing global economic and political landscape as well as the resulting uncertainty. According to the available information from the World Federation of Exchanges, the main index in 62 out of the 76 exchanges showed an increase, while the indexes of 14 exchanges showed a decrease[1]. Due to its flexibility and adaptability, also benefiting from the improvement in economic activity represented by a slight rise in economic growth, the Dubai Financial Market General Index (DFMGI) exhibited a 9.3% year on year increase.

With regards to the financial performance during 2019, the DFM PJSC consolidated net profit reached AED 122.1 million compared with AED 125.5 million in 2018. Total consolidated revenue for 2019 was AED 327.1 million compared with AED 334.4 million in 2018. The 2019 revenue included AED 187 million of operational revenue and AED 140.1 million from investments and others.

1 Source: The World Federation of Exchanges (WFE).

Direct Economic Value Generated and Distributed (AED million)



* Excludes an extraordinary income from gifted land income and expense provision for Wakala deposit in the amount of AED 5.3 million.

3. Digital Innovation

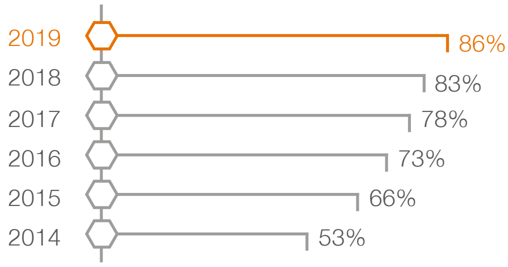
DFM's strategy of becoming a Smart Borse continues to pay dividends, this is obvious in DFM's transformation to a Smart Trading Floor, deploying eServices and eForms that enable investors to view portfolio information and submit requests directly to DFM through our mobile apps and website platforms. These digital initiatives also provide seamless operations to brokers and help provide digital services to their clients; during the year, DFM honored three of its licensed brokerage firms for providing their customers with trading via smart phone applications. Furthermore, the eIPO platform provides investors, issuers and receiving banks with a digital advantage during the IPO process, whereas our Customer Relationship Management (CRM) system manages relationships online with the supply chain. To automate dividend distribution, DFM continued to provide an electronic alternative to checks through iVESTOR Card and bank transfers, successfully distributing dividends on behalf of listed companies and utilizing the newly launched "myAccount" service; an electronic account that enables investors to seamlessly transfer dividends to their iVESTOR Card accounts, bank accounts as well as to pay for IPOs and Right Issues subscription.

During the year, DFM also launched the Multiple Investors Numbers (NINs) service for its investors, enabling certain investors to operate more than one investor number to facilitate management of their portfolios.

Power consumption and data center

DFM has continued to adopt a number of steps towards greener Information Technology operations. Operating Vblock technology in our data center has allowed for lower power consumption and higher utilization of space and network resources. DFM has also carried out several other initiatives to lower power consumption, including using power-saving LED lights, and implementing lights-off rules after office hours.

Data Center Vblock Power Consumption Savings



New headquarters; environmentally friendly

The new Dubai Financial Market headquarters will be located in the Business Bay area. Planning for the new headquarters commenced back in 2016 and the project is currently at the schematic design phase. For this new building, DFM seeks to develop a smart, sustainable facility with state-of-the-art technology and energy-efficient features aligned with the Dubai Municipality 'Green Building Regulations & Specifications for Buildings' in the Emirate of Dubai, which will ultimately help DFM enhance its environmental performance. Our goal is to meet world-class standards in health, safety and environmental building codes.

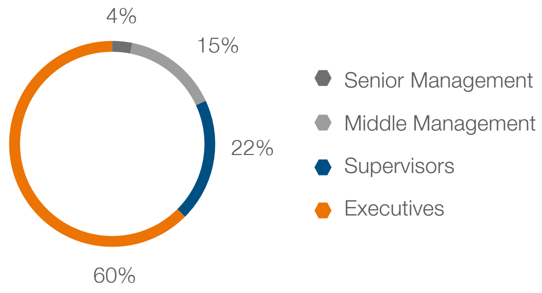
4. Developing our People

Our people are our greatest asset; the Dubai Financial Market is proud to have a total of 161 employees as of the end of 2019.

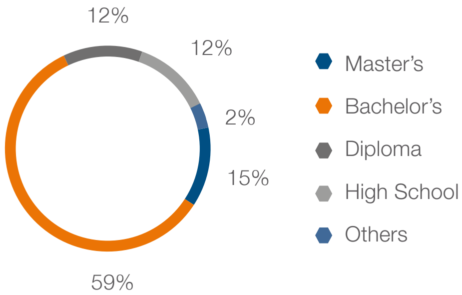
Recruiting talents

Recognizing that DFM's employees are fundamental to its operations and that the strength of the organization is directly linked to its ability to attract and retain the most capable people, DFM focuses on recruiting and retaining top talent. By the end of 2019, those who hold Bachelor's degrees and higher represent 74% of our employees, with a diverse range of age groups.

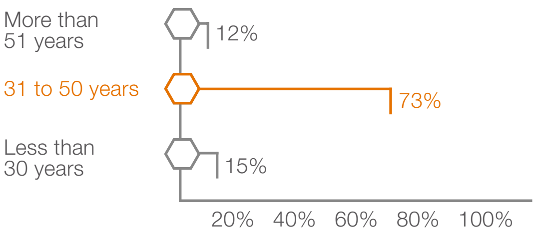
Professional Level Distribution in 2019



Educational Background in 2019



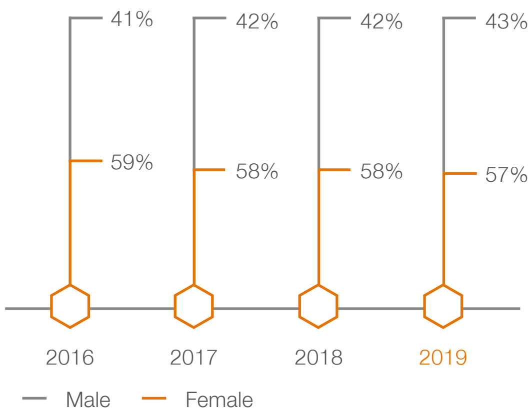
Age Breakdown in 2019



Gender diversity

DFM is a great believer in the pioneering role women play at the workplace. With a 57% female workforce by the end of 2019, we are a proud standard-bearer for gender diversity. Over the past few years, we have achieved positive progress in this area, and our new DFM Women's Council has set targets and action plans to further enhance our efforts going forward. Beyond our organization, DFM is leading efforts in the UAE to champion women's advancement in the broader business community – refer to the Gender Balance and Empowering People section of DFM Sustainability Report. In 2019, the DFM Women Council continued to carry out several initiatives aimed at enhancing the professional and managerial proficiency of DFM female employees.

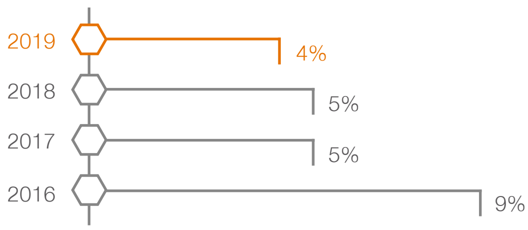
Gender Diversity



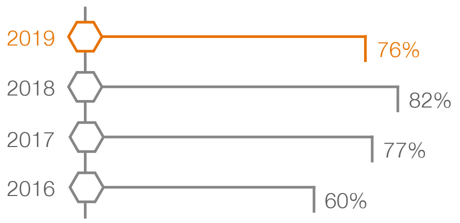
Retention program

We offer a wide spectrum of incentives to our employees, from a well-honed career path, to promotions and bonuses, and performance-based pay. In addition to these incentives, we provide a challenging environment in order to stimulate growth. Besides a hierarchy that features a management span of control of 1:5 (Manager: Direct Report), that encourages personal development, growth, and advancement opportunities, DFM incorporates a performance-based incentive system. This structure sees incentives directly linked to employees' performance and in line with the "management by objectives" scheme. Our successful retention policy led to a lower employee turnover ratio of 4% by the end of 2019. Understanding that positive employee engagement drives up margins, DFM gains insight into employees' feedback, motivation, and satisfaction by running annual satisfaction surveys.

Employee Turnover Radio



Overall Employee Satisfaction Survey



Emiratization Program

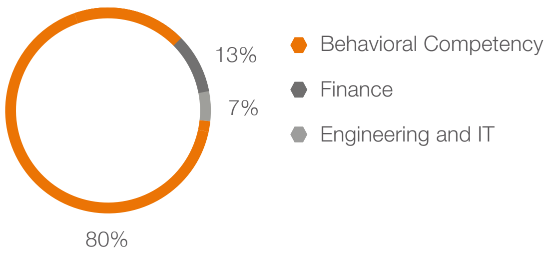
As part of its endeavors to support the UAE Government's plans to attract local Emirati talent in the financial sector, DFM pursues initiatives aimed at attracting Emiratis such as utilizing relations with universities and colleges to attract local talents, engaging in career fairs and posting job openings in government job portals. Proudly, DFM maintained an Emiratization rate above 50% over the past four years and 58% of the workforce were Emiratis as of the end of 2019. Despite the decrease in the percentage over the past couple of years due to hiring specialized technical talents, the Emiratization percentage at DFM is still considered one of the highest in the financial services industry.

Emiratization Percentage

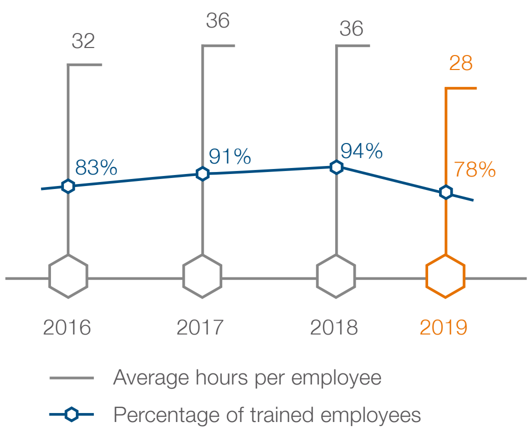
Ongoing learning and training supports identifying emerging talents

As one of its strategic goals, DFM has long subscribed to the policy of continuous learning, to encourage employees to further their potential. The organization achieves this by equipping its employees with skills and knowledge that go beyond the required expertise of their current roles. To achieve this, we provide employees with a variety of training, workshops, conferences, benchmarking and field visits, educational scholarships, continuing education schemes, and internal job rotation opportunities. With these holistic initiatives in mind, in 2019, we trained 125 employees (78% of total employees), with a total of 3,556 hours. Below is a breakdown of the main categories that training has focused on:

Training Focus in 2019



Training Hours in 2019



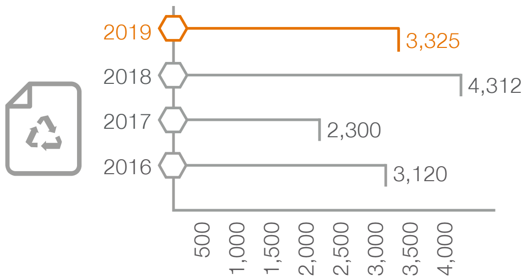
5. Protecting the Environment

The Dubai Financial Market (DFM) is keen to protect the environment and minimize its environmental footprint, both as a market influencer and as a publicly-listed company, and has continued to undertake a number of initiatives to promote these aims. DFM has sought to share data on its environmental footprint across several simple metrics. For further details on environmental issues, please refer to pages 45-47 of the DFM Sustainability Report 2018.

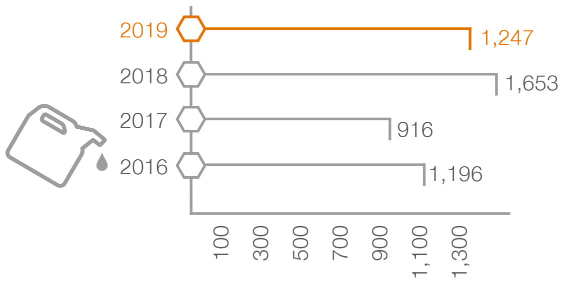
In line with the drive towards a paperless and sustainable workplace, DFM has subscribed to the GreenBox service since 2015. Aimed at contributing towards a sustainable ecosystem through paper recycling, the GreenBox service raises awareness about paper waste and its negative impact, changes paper consumption habits, and reduces DFM's carbon footprint.

According to the GreenBox report, DFM's results show a decrease in the amount of recycled paper in 2019 y-o-y. The drop comes after an increase in recycled paper last year due to the disposal of previously archived documents over the past years (where archiving in previous years was paper-based) and due to the increase in the number of free newspapers received by the market during the year. However, DFM is always able to ensure recycling of these papers for the benefit of the environment. Interesting information can be found on our DFM Sustainability Report 2018, regarding employee's awareness of the environment, on pages 45-47.

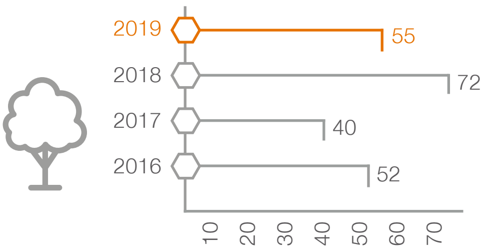
Recycled Paper (in kgs)



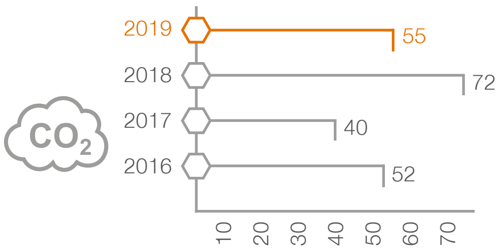
Saved Oil (in gallons)



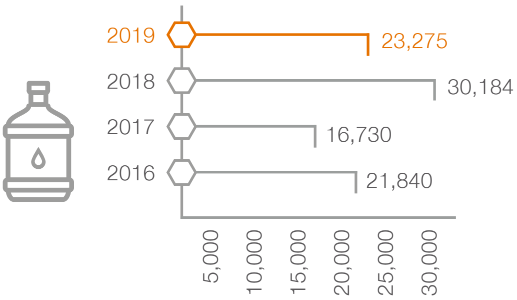
Saved Trees (in numbers)



Carbon Dioxide Offset (tCo2)



Saved Water (in gallons)



6. Enriching our Communities

In line with our corporate social responsibility policy and as part of the Sustainability Strategy, DFM continued to organize society-oriented activities, with the understanding that creating value for society will inevitably benefit the organization. The following are some of the key activities that DFM has undertaken during 2019:

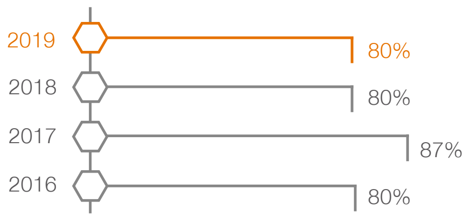
Further engagement with our stakeholders; an ongoing priority

As part of a global dialogue discussing regional ESG integration, in 2019 and in collaboration with Sustainability Excellence and Hawkamah, DFM hosted an issuers workshop explaining the details of its ESG Reporting Guide; highlighting the increasing importance of ESG investing and strongly encouraging voluntary sustainability reporting, and referring to the recommended ESG metrics as well as international reporting standards within the guide.

In addition to the several awareness workshops aimed at educating brokers and issuers about new services or technologies, DFM continued to educate and familiarize the wider spectrum of investors of the advantages of listing on DFM through jointly organizing a roundtable to promote awareness within private and family businesses in Sharjah on the prospects of aligning their growth strategies with DFM's various listing platforms, including the Main Listing, the Second Market platform for private companies, as well as the upcoming platform for free zone companies. In cooperation with Shurooq, the discussions focused on how private companies can unlock capital market opportunities through listing on DFM.

DFM is keen to listen to its stakeholders as part of its engagement with both external and internal stakeholders, it carried out several satisfaction surveys that measure customer satisfaction and happiness in addition to employee surveys. For detailed customer satisfaction survey results, please refer to page 23 of the DFM Sustainability Report 2018.

Overall Customer Satisfaction



In line with the Dubai Happiness Index, DFM is driving forward happiness levels amongst its market participants and has initiated happiness surveys through the Client Services Affairs desks, the index enables walk-in customers to assess the service level offered.

Happiness Meter

Supporting students

With the objective of developing students' skill sets and putting capital markets theory into practice, DFM continues to offer its online Stock Game and host several student internships, with more than 25 students availing this opportunity. To further support students in financial difficulty, DFM paid the fees of several students at the University of Dubai.

Empowering women

In collaboration with the Dubai Women's Establishment, DFM launched the first-of-its kind eBoard online application platform to encourage female representation on the Boards of DFM-listed companies as part of its Sustainability Strategy 2025 to support the UAE target to achieve 20% representation of females on Company Boards. The DFM eBoard was launched in March 2019 to mark the celebration of the International Women's Day, when DFM joined 70 global exchanges honoring this occasion over a week of bell-ringing for gender equality activities in partnership with the United Nations Sustainable Stock Exchanges (SSE) initiative, the World Federation of Exchanges, IFC, UN Global Compact, UN Women and Women in ETFs.

Participation at several national and international events; good corporate citizenship

Participating at several national and international celebratory days, Dubai Financial Market sought to be an engaged corporate citizen, celebrating the UAE Flag Day, National Day and Martys' Day.

Within the framework of the Smart Borse strategy, and in support of the Dubai Government's vision, DFM participated in the "Day without Service Centres". This event, launched by Dubai Government's Department of Finance, encourages greater usage of smart channels when accessing services and completing transactions. Furthermore, DFM participated in the GITEX Technology Week in the "Business Services" area at the Dubai Smart Government pavilion. DFM's participation in the exhibition showcased a diverse and integrated range of smart applications that has strengthened its regional market position in terms of DFM's Smart Borse initiatives and innovation.

In line with the leadership's vision and the national strategy for innovation aimed at transferring the UAE into one of the most innovative countries globally, the DFM actively participated in the "UAE Innovation Month 2019" through organizing a number of events to promote the culture of "innovation", a key value of DFM, amongst its employees and various market participants including listed companies and brokerage firms.

Accelerating Sustainable Capital Markets

DFM is committed to accelerating sustainable capital markets regionally and globally, and delivering on its Sustainability Strategy 2025 by focusing on four key pillars: sustainability reporting and disclosures, sustainable investment education and awareness, green products and listings, and gender balance and empowerment.

1. Launching DFM Sustainability Strategy 2025

As part of its leading role amongst regional exchanges as well as its status as 'The World Class Regional Marketplace', the DFM launched its Sustainability Strategic Plan 2025 aimed at underpinning its continuous efforts to promote ESG best practices amongst listed companies and other stakeholders.

In order to streamline the implementation of the Sustainability Strategy, the DFM has formed a Sustainability Committee that will focus on creating awareness amongst local and regional investors and other stakeholders to further solidify Dubai's position as a regional investment hub and contribute to Dubai's and the UAE's sustainable development agenda, in line with the global Sustainable Development Goals (SDGs). The Committee is going to play a crucial role in embedding DFM's Sustainability Policy and practices across DFM business operations to ensure long-term corporate survival including material risk mapping, environmental and social development initiatives.

The Committee will also launch a series of initiatives to increase awareness on the importance of ESG investing and encourage listed companies to adopt ESG reporting practices, which reinforces their ability to attract investments, access finance and enter new markets through good governance practices.

2. Launching DFM ESG Reporting Guide

As financial markets play an instrumental role to foster economic development and mobilize the necessary investments to achieve sustainable growth, the DFM has made a formal commitment to promote sustainability in capital markets, further attract international investors as well as encourage responsible investment. Being a Partner Exchange and Official Supporter Member of the Sustainable Stock Exchanges (SSE) initiative, we have been actively working since 2016 to promote best practices of sustainability amongst market participants, and issuing DFM ESG Reporting Guide is our most recent initiative to support listed companies' sustainability reporting. With its 32 metrics that are typically assessed by the investment community including 10 for each of governance and social in addition to 12 environmental metrics, the guide thoroughly explains ways to enhance ESG reporting and promote transparency and disclosure in financial markets. To shed light on the ESG Reporting Guide, the DFM hosted a comprehensive workshop for representatives of the listed companies. The DFM ESG Reporting Guide is available to download at: www.dfm.ae.

DFM will continue to enhance the reporting landscape and is committed to accelerating the uptake of sustainability reporting by listed companies.

3. Continued Sustainable Investment Education

As part of its efforts to increase understanding of the global Sustainable Development Goals, the UAE SDGs, the DFM Sustainability Strategy 2025 and policy, DFM organised two training sessions for 18 employees across the business in various functions, achieving 88% satisfaction (June 2019). Additionally, two sustainability awareness workshops for all employees in July 2019.

DFM also continued to play an active advocacy role during 2019, participating in numerous ESG industry events and conferences panel sessions highlighting the increasing importance of developing sustainable capital markets, growing sustainable finance, and encouraging sustainability reporting, including the DEWA Sustainability Week 2019 in collaboration with the University of Cambridge Institute for Sustainability Leadership (CISL), the World Green Economy Summit, and the Securities and Commodities Authority (SCA) ESG Workshop.

Key Player in the Global Exchange Industry

Through partnerships, memberships, awareness and advocacy, we aspire to play a key role in the global exchange industry. We support and contribute to leading international ESG practices, and are working to drive these practices at the regional and local levels. DFM is well positioned to make a positive difference, as we connect a diverse community of market participants, United Arab Emirates and MENA region companies, and global investors throughout the investment life cycle.

During 2019, and in line with the UAE Sustainable Development Goals 2030 and Dubai's Strategic Plan 2021, the DFM and the Dubai International Financial Centre (DIFC) launched the "Dubai Sustainable Finance Working Group". The initiative underlines our commitment to collaborate with key stakeholders to reinforce Dubai's position as a leading financial hub and global capital of Islamic economy.

Bringing together strong support from leading banks, financial institutions, as well as public and private companies in Dubai in order to orchestrate efforts to embed ESG into the financial services sector, the group launched with 10 founding members; Nasdaq Dubai, Hawkamah Institute of Corporate Governance, DEWA, the Dubai Islamic Economy Development Centre, Aramex, DP World, HSBC, EmiratesNBD, Dubai Islamic Bank and Société Générale.

Leading the region's sustainable capital markets, the DFM also contributed to the United Nations Sustainable Stock Exchanges (SSE) and World Federation of Exchanges (WFE) Report on 'How exchanges can embed Sustainability within their operations', which includes examples of DFM's sustainable development efforts. The Report was launched at UN SSE 10th anniversary celebrations in New York on the 26th of September 2019, alongside the UN General Assembly gathering and Climate Action Summit.

For further details on how we plan to further enhance our stand as a global player, please refer to pages 56-58 of the DFM Sustainability Report 2018.

Going Forward

Throughout this section of the Annual Report, we aimed to summarize DFM's engagement with multiple stakeholders to develop a sustainable capital market. Going forward, we will continue to leverage stakeholders' relationships to create long-term shared value as a public-listed company.

As an influencer, our Sustainability Strategy also seeks to develop an enhanced reporting landscape, so that our listed companies embark on a journey of sustainability reporting. As such, DFM will continue to derive value from sustainability reporting in order to support the increasing trend towards ESG investing, and drive awareness of ESG best practices, as well as develop good Corporate Governance.

DFM believes that it is well underway to become the region's leading sustainable financial market by 2025.

04. Governance

Corporate Governance Report

The instructions and regulations issued by the UAE's Securities and Commodities Authority (SCA) in accordance with the international standards outline the importance of adopting Corporate Governance principles and emphasize transparency and accountability.

The Dubai Financial Market's (DFM) Board of Directors (the "Board") performs all of its duties effectively to achieve the interests of investors as well as all stakeholders. The core responsibilities of the Board are: improvement of both operational performance and profitability levels, the institutionalization of sustainable development, the implementation of good governance principles, and providing strategic direction for the organization. Moreover, the Board is responsible for monitoring as well as identifying and managing risks, in order to achieve the desired objectives.

As a part of the UAE's economic system, the DFM plays a unique and an essential role in improving Corporate Governance across listed public joint stock companies in accordance with the corporate governance issued regulations. DFM has continued, in cooperation with Hawkamah, to introduce an accreditation program for board secretaries of the listed companies' boards of directors since 2017. The program aims to improve the efficiency and standardize performance of the board secretaries and board of directors of the public joint stock companies listed at DFM to be on par with the international best practice.

This program is mandatory for all DFM-listed companies, the total number of participants since launch and up to end of 2019 exceeded a 100 participants, and the number of those who passed accreditation exams and obtained the certificate reached 75 accredited board secretaries from Hawkamah. As part of this active role, and in order to keep up to date with the corporate governance best practices, DFM has participated in several courses and seminars related to corporate governance that were organized by the Securities and Commodities Authority (SCA) as well as by other organizations. Furthermore, the DFM has participated in drafting new corporate governance resolutions which SCA is yet to release.

In the following paragraphs we review the Board's most important governance practices at DFM, in line with the requirements of SCA's Corporate Governance Regulation No. (7 /R.M) for 2016 and its amendments:

1. Procedures taken to improve Corporate Governance during 2019

In line with the Board's responsibility towards DFM shareholders, and its duty to protect and promote the value of shareholders' equity, the management of DFM continues to apply the rules and principles of governance effectively and transparently. DFM has achieved this objective via:

- The Board's commitment to hold five meetings during 2019.
- The Board's commitment to the annual disclosure of their independence during 2019, as well as the disclosure of any change that affects their independence, including their membership of other boards. In addition to the disclosure statement and independence signed by the Board at the first Board meeting after the Annual General Assembly Meeting during the year 2017.
- The Audit Committee held eight meetings and the Nomination and Remuneration Committee held two meetings. Each committee performed their duties and submitted their written reports regarding the results, recommendations and follow-ups on the implementation thereof, to the Board.
- DFM Management's commitment to the disclosure of quarterly and annual financial statements, within the permitted legal timeline.
- Approval of the conflict of interest policy pertaining to the members of the Board and employees of the DFM conducting periodical revisions. The policy takes into consideration that all transactions are carried out on a fair and equitable basis in dealing with its stakeholders; suppliers, customers, subsidiaries, shareholders and employees.
- Approval of the policy and procedures regulating permanent or interim insider trading at DFM conducting periodical revisions in order to avoid exploitation of any information obtained by virtue of working in DFM to achieve material personal or third party benefit whether directly or indirectly.

2. Ownership and trading transactions of the Board, their spouses and their children in DFM PJSC securities during 2019

Name	Title and Kinship	Owned shares as on 31st Dec 2018	Total sale transactions	Total purchase transactions
H.E. Essa Abdulfattah Kazim	Chairman	5,015,000	-	-
	Spouse	29,281	-	-
Mr. Rashid Hamad Al Shamsi	Vice chairman	-	-	-
Mr. Adil Abdullah Al Fahim	Member	-	-	-
Mr. Ali Rashid Al Mazroei	Member	-	-	-
Mr. Mohammed Humaid Al Marri	Member	10,000	-	10,000
Mr. Mussabbah Mohammad AlQaizi	Member	-	-	-
Mrs. Moaza Saeed Al Marri	Member	-	-	-

3. Composition of the Board of Directors:

A. The Board constitutes of the following members:

		
Name	**H.E. Essa Abdulfattah Kazim**	**Mr. Rashid Hamad Al Shamsi**
Category (Executive, Non-Executive, and Independent)	Chairman (Executive)	Vice Chairman (Independent, Non-Executive)
Period spent as a Board member from the date of first election	• 13 years	• 13 years
Membership and positions at any other joint- stock companies	• Board member in Etisalat Company (PJSC).	• Board Member of Gulf Navigation Company (PJSC).
Experiences and qualifications	• H.E. Kazim began his career as a Senior Analyst in the Research and Statistics Department of the UAE Central Bank in 1988 and then moved to the Dubai Department of Economic Development as Director of Planning and Development in 1993. He was then appointed as Director General of the DFM from 1999 to 2006. • H.E. Kazim holds an honorary Doctorate from Coe College, a Master's degree in Economics from the University of Iowa, a Master's degree in Total Quality Management from the University of Wollongong and a Bachelor's degree from Coe College.	• Mr. Rashid Hamad Al Shamsi is a founding partner of MEECON, the architecture and engineering consultancy, and owner of Al Shamsi Property Management Company in Dubai. • He holds a Bachelor's degree in Civil Engineering from the University of South Carolina, USA (1982). • Former Board Member of the Emirates General Transport Company. • General Manager of the Emirates General Petroleum Corporation (Emarat) from 2002 to 2008, during which he chaired several Boards of Emarat's joint ventures and subsidiaries. • Former Board Member of the Dubai Chamber of Commerce and Industry, between 1991 and 1997. • Former Board Member of Dubai Mercantile Exchange. • CEO of Sama Dubai, the real estate development arm of Dubai Holding.
Positions in any other important regulatory, government or commercial entity	• Deputy Chairman of the Supreme Legislation Committee in Dubai. • Member in the Dubai Supreme Fiscal Committee. • The Governor of Dubai International Financial Centre (DIFC). • Chairman of Borse Dubai. • Member of the Higher Board of Directors of the Dubai International Financial Centre (DIFC). • Chairman of DIFC Authority Board of Directors. • Chairman of DIFC Investments Board of Directors. • Board Member of Nasdaq Dubai. • Board Member of Nasdaq, Inc. • Board Member of Free Zones Council. • Member of the Board and Secretary General of the Dubai Islamic Economy Development Center. • Board Member of Rochester Institute of Technology. • Member of the Board of Governors at Hamdan Bin Mohammed Smart University. • Member of the Board of Governors at United Arab Emirates University.	• A founding partner of MEECON, the architecture and engineering consultancy, and owner of Al Shamsi Property Management Company in Dubai. • Board Member of Nasdaq Dubai. • 22 years of experience in the marketing and distribution of energy-related products.

		
Name	**Mr. Mussabbah Mohammad AlQaizi**	**Mr. Ali Rashid Al Mazroei**
Category (Executive, Non-Executive, and Independent)	**Board Member (Independent, Non-Executive)**	**Board Member (Independent, Non-Executive)**
Period spent as a Board member from the date of first election	• 6 years	• 9 years and 8 months
Membership and positions at any other joint- stock companies	• None	• Board Member of the National Bond Company. • Board Member of Emirates Investment and Development Corporation (PSC). • Board Member of Taaleem Holding (PSC).
Experiences and qualifications	• With over 20 years of experience, mainly in the Information Technology sector, Mr. Mussabbah has held a number of positions in which he implemented, supervised or directly managed several multi-task teams and individuals. • In 1999, Mr. AlQaizi joined Dubai Islamic Bank as Head of Cards Unit, which he developed in two years. • Head of Information Systems Department, Dubai Islamic Bank, between 2001 and 2008, where he helped develop and support the bank's information systems infrastructure, and gained significant experience in project management across various banking fields. • He holds a Bachelor's degree in Computer Information Systems from Arkansas University, USA, in 1991.	• In his capacity as Group CEO of Al Bahri and Al Mazroei Group, Mr. Ali Rashid Al Mazroei is responsible for overseeing the financial and administrative affairs of the Group's activities in the fields of trade, real estate, industry and tourism. The Group, which was established in Dubai in 1968 as a general investment group of companies, has grown to become a key player in the UAE economy. • Mr. Al Mazroei held several positions at Citibank Group in Dubai between 2000 and 2007, including Head of Commercial Accounts Department, Head of Planning and Analysis Department for the Middle East, Africa and Turkey, and Vice President of the Financial Control Unit. • Mr. Al Mazroei holds a Bachelor's degree in Business Administration from the American University in Dubai, and a Master's degree in Business Administration from Southern New Hampshire University, USA.
Positions in any other important regulatory, government or commercial entity	• Head of e-Banking and IT Services at Dubai Islamic Bank, as well as other leading positions, including member of the Automation Committee of Dubai Islamic Bank, responsible for coordinating and aligning the bank's overall strategy with the latest IT developments. • Since 2008, he has worked at the e-Banking Operations Unit, where he focuses on developing communication channels. In recognition of his substantial efforts in this area, his projects have earned several awards in the field of e-banking system development.	• CEO of Al Bahri and Al Mazroei Group.

Name	**Mrs. Moaza Saeed Al Marri**
Category (Executive, Non-Executive, and Independent)	**Board Member (Independent, Non-Executive)**
Period spent as a Board member from the date of first election	• 2 years and 9 months
Membership and positions at any other joint- stock companies	• None
Experiences and qualifications	• Through her 20 years career Moaza had garnered diverse experiences from the private, semi government, government sectors and different committees in different sectors, giving her an agile and adaptive approach to multiple sectors requirements. • Moaza started her career in 1999 at Nestle Middle East, overseeing the Internal Communications for the Middle East and Levant market. • After which she moved on to the banking industry joining Emirates NBD in 2009 and took up the positions of Senior Business Marketing & Communication Manager. • In January 2014, she moved on to the Government sector joining the Roads & Transport Authority in Dubai as a Marketing and Corporate Communications Director, and then she was promoted to become the Executive Director - Chairman & Executive Director Office at the Authority. • In her present position, Moaza is heading several pivotal committees participating in the comprehensive development in the UAE, such as the team responsible for following up Mobility Future Foresight Project; this project is related to following up on strategies and initiatives of smart transformation in the mobility sector, as well as re-enforcing RTA pioneering and Dubai in forming mobility future. • Moaza holds a Masters of Business Administration in General Business from the American University in Dubai.
Positions in any other important regulatory, government or commercial entity	• Moaza Al Marri, is the Executive Director - Chairman & Executive Director Office at the Roads and Transport Authority. • Board Member at the Dubai Sports Council. • Secretary General of Mohammed bin Rashid Al Maktoum Creative Sports Award and the Head of the Women's Sports Committee. • Moaza heads as well RTA's Women Committee, which enables and empowers women in RTA, this committee announced many distinctive initiatives, and organized varied cultural and sport activities.

Name	**Mr. Adil Abdullah Al Fahim**
Category (Executive, Non-Executive, and Independent)	**Board Member (Independent, Non-Executive)**
Period spent as a Board member from the date of first election	• 9 years and 8 months
Membership and positions at any other joint- stock companies	• None
Experiences and qualifications	• Mr. Adil Abdullah Al Fahim has held several senior positions in the Dubai Government, and holds a number of academic and professional qualifications. • He holds a Bachelor's degree in Commerce and is a Certified Public Accountant (CPA), a Certified Financial Consultant (CFC), a Certified Trainer of Audit Command Language (ACL), and Certified Fraud Examiner (CFE). • Mr. Al Fahim has extensive experience in several areas including economy, finance, management, auditing/internal auditing, information systems and the law. • He won the MENA Financial Thought Leader of the Year award in 2012. • A recipient of the IIA Lifetime Achievement Award (2013). • He has written a number of articles and studies addressing vital economic issues that impact the global economy. Mr. Al Fahim holds or has held the following positions: • Director General of the UAE Accountants and Auditors Association (2000-2002). • Board Member and President of the Conferences Committee of the UAE Accountants and Auditors Association (2002-2004). • President of the American Institute of Internal Auditors – UAE branch (2006 – 2007). • Senior Vice President of the US Association of Certified Fraud Examiners – UAE branch. • Member and Secretary General of the Committee of Auditors' Registration in the UAE. • Financial expert and arbitrator in Dubai Courts' List of Certified Experts. Mr. Al Fahim holds a number of professional qualifications and memberships, including: • Certified Public Accountant - USA (CPA). • Certified Fraud Examiner - USA (CFE). • Certified Financial Consultant – Canada (CFC). • Certified Trainer of Audit Command Language – Belgium (ACL). • Founding Member of UAE Accountants and Auditors Association. • Certified "Law Assistant" in Dubai Courts' Experts List of Technical Consultants. • Member of the Information Systems Audit and Control Association – USA. • Institute of Internal Auditors – USA. • American Society for Quality – USA. • Hospitality Financial and Technology Professionals Association. • Canadian Association of Financial Consultants.
Positions in any other important regulatory, government or commercial entity	• Chief Financial Officer, Dubai Airports Company.

Name	**Mr. Mohammed Humaid Al Marri**
Category (Executive, Non-Executive, and Independent)	**Board Member (Independent, Non-Executive)**
Period spent as a Board member from the date of first election	• 9 years and 8 months
Membership and positions at any other joint- stock companies	• None
Experiences and qualifications	• Mr. Al Marri is a financial and administrative expert, with around 25 years' experience in both the public and private sectors. A graduate of the Mohammed Bin Rashid Program for Leadership Development. • He also holds a Master's degree in Business Administration from the American University in Dubai (2004), and a Bachelor's degree in Accounting from the United Arab Emirates University in Al Ain (1990). • Began his career as an employee of the Land Department in 1986. • Former Board Member of Takaful Al Emarat (PJSC). • CFO of the Roads and Transport Authority (2006-2009). • Assistant General Manager of the Dubai Transport Authority from (2005-2006). • Board Member of Dubai Government's Development Board (2005-2008). • CFO and CAO of Dubai Land, until 2005. Mr. Al Marri holds the following professional memberships and qualifications: • Certified Public Accountant, since 1990. • Member of the UAE Accountants and Auditors Association, since 1997. • Member of the Culture and Science Symposium in Dubai, since its establishment. • Holder of the Sheikh Rashid Award for Academic Excellence for completing his MBA degree from the American University in Dubai. • Holder of the Institutional Leadership Certificate from the Centre of Institutional Leadership and Learning in Florida, USA. • Neuro-Linguistic Programming (NLP) Practitioner, certified by Richard Bandler through the McClendon & Associates Institute. • Holder of Self-Hypnosis Practitioner Diploma from Proudfoot School of Clinical Hypnosis and Psychotherapy.
Positions in any other important regulatory, government or commercial entity	• Assistant CEO of Financial Affairs and Corporate Support at the Mohammed Bin Rashid Housing Establishment, since August 2009. • Partner in Faris & Co., an auditing and management consult. • Former Board Member of Takaful Al Emarat (PJSC).

B. Women representation in the Board of Directors during 2019

With regards to women's representation, the current DFM's Board of Directors includes one woman among its seven members, Mrs. Moaza Saeed Al Marri, reflecting the Board' keenness to appoint distinguished women cadres as a means of empowering women and in line with UAE's vision in this respect.

C. Board Members' Remuneration and allowances

1. Total Remuneration of Board members paid for 2018

The remuneration of the Board has been disbursed for 2018 in the amount of AED 300,000 for each member, which was approved in the Annual General Assembly Meeting held on 17th March 2019.

2. Proposed total remuneration for Board members for 2019, which will be presented at the Annual General Assembly Meeting for approval

The proposal of disbursing an amount of AED 300,000 to each Board member for 2019 will be presented at the Annual General Assembly Meeting to be held in 2020 for approval.

3. Board Members allowances for attending sessions of the Board Committees during 2019 are as follows:

Name	Allowances for attending meetings of the Board Committees		
	Committee	Allowance Value	Number of Meetings
Mr. Rashid Hamad Al Shamsi	Nomination and Remuneration Committee	30,000	2
Mr. Adel Abdullah Al Fahim	Nomination and Remuneration Committee	30,000	2
Mr. Mohammed Humaid Al Marri	Audit Committee	120,000	8
Mr. Adel Abdullah Al Fahim	Audit Committee	120,000	8
Mr. Ali Rashid Al Mazroei	Audit Committee	105,000	7

4. Allowances, salaries, or additional fees that were paid to the Board other than allowances for attending sessions of the Board Committees

H.E. Essa Kazim - Chairman of the Board of Directors received an amount of AED 300,000 during 2019, as remuneration against the additional tasks he performed to serve the DFM that exceeded his regular duties as the Chairman.

D. Board meetings held during 2019 along with their convention dates, in-person vs. by proxy attendance

	Date of meeting	Attendees	Attendees by proxy	Absent members*
1	13th February 2019	7	-	-
2	28th April 2019	6	-	Mr. Mohammed Humaid Al Marri
3	21st July 2019	6	-	Mrs. Moaza Saeed Al Marri
4	6th November 2019	7	-	-
5	15th December 2019	4	-	Mr. Ali Rashid Al Mazroei, Mr. Adel Abdullah Al Fahim, Mrs. Moaza Saeed Al Marri

*The Board member was absent for valid reasons.

E. Number of Board resolutions passed by circulation during 2019 with their dates

DFM's Board makes resolutions by circulation in tight limitation and according to the necessity of the task, where this mechanism is not exercised except in cases in which it is difficult to invite the Board to convene. In such cases, all documents related to the resolution and recommendations of the internal committees are shared with the Board accordingly, hence Board members can review the information to make an informed resolution. The Board passed 7 resolutions by circulation during 2019, the subject of which was mainly regarding routine administrative matters of the DFM with the following dates:

- 25th March 2019
- 20th May 2019
- 19th June 2019
- 1st September 2019
- 1st October 2019
- 24th October 2019

F. Statement of the Board's duties and authorities exercised by the Board members or the Executive Management members during 2019 based on the Board authorization:

The Executive Management is empowered to perform specific tasks according to the below list of authorization approved by the Board in May 2019. Since this delegation is related to the capacity and not to the persons occupying that capacity, the period of delegation remains in effect until a resolution to cancel or amend the authority is passed by the Board. The following is a list of the tasks and authorities delegated to the Executive Management:

	Authorization		Authorized person	Duration of authorization
Approving Direct Purchase	Up to AED 50,000	Head of Purchasing and Contracting Department	Mr. Ahmed Ali Ebrahim	Until amended by a Board Resolution
	Up to AED 250,000	Head of Corporate Services Division	Mr. Ahmed Aljaziri	Until amended by a Board Resolution
	Up to AED 500,000	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
	Above AED 500,000	Presented to the Board	Board of Directors	Until amended by a Board Resolution
Approving contracting by biddings	Up to AED 1,000,000	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
	Above AED 1,000,000	Presented to the Board	Board of Directors	Until amended by a Board Resolution
Approving limited and public tenders	Up to AED 5,000,000	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
	Above AED 5,000,000	Board of Directors	Board of Directors	Until amended by a Board Resolution
Signing approved contracts	Up to AED 5,000,000	Head of Corporate Services Division	Mr. Ahmed Aljaziri	Until amended by a Board Resolution
	Up to AED 50,000,000	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
	Above AED 50,000,000	Presented to the Board		Until amended by a Board Resolution
Signing MOUs/limited representation/sub-depositary/confidentiality agreements	-	CEO or authorized Board Member and the respective Head of Division	CEO or one Board Member and the respective Head of Division	Until amended by a Board Resolution
Issuing capital equipment and items from the store		Head of Purchasing and Contracting Department	Mr. Ahmed Ali Ebrahim	Until amended by a Board Resolution

	Authorization		Authorized person	Duration of authorization
Transferring assets outside DFM for business purposes		Head of Corporate Services Division	Ahmed Aljaziri	Until amended by a Board Resolution
Approving annual inventory results		CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
Disposing of fully depreciated assets		CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
Formation, changing, and termination of executive committees		CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
Approving manuals, management decisions, and circulations		CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
Approving management notes and job orders at the division level		Head of Division or Deputy (in case of absence)		Until amended by a Board Resolution
Leasing DFM offices and fixing annual rent		CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
Fixing service fees and penalties and updating the fee list based on circumstances		CEO	CEO	Until amended by a Board Resolution
Credit Policy	Extend credit period to above 30 days and up to 60 days	Head of Corporate Services Division	Mr. Ahmed Aljaziri	Until amended by a Board Resolution
	Extend credit period to above 60 days and up to 90 days	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
Offering discounts / exemption from fees	Based on transaction fees, per transaction: ✓ Up to AED 500,000 – max of 10% ✓ Above AED 500,000 to AED 1 million – max of 20% ✓ Above AED 1 million – max of 30%	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
	Full exemption from the fees of account transfer from government authority to another account based on a court order	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
	Full exemption from the nominal fees of applications received from official and supreme authorities	Head of CSD Division	Ms. Maryam Fekri	Until amended by a Board Resolution
Issuing penalties / Fines		Head of Division or Deputy (in case of absence)	Head of Division or deputy (in case of absence)	Until amended by a Board Resolution
Fines Cancellation	For the first fine	Head of Corporate Services Division and Head of the respective Division	Mr. Ahmed Aljaziri and Head of the respective Division	Until amended by a Board Resolution
	For the second fine	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution

	Authorization		Authorized person	Duration of authorization
Write-off receivables and assets with book value	Up to AED 20,000	Head of Corporate Services Division	Mr. Ahmed Aljaziri	Until amended by a Board Resolution
	Above AED 20,000	Board of Directors		Until amended by a Board Resolution
Short-term investment deposits	Any amount	CEO or authorized Board Member based on recommendation from internal investment committee	CEO or one Board Member	Until amended by a Board Resolution
Long-term investment deposits	Up to AED 50,000,000	CEO or authorized Board Member based on recommendation from internal investment committee	CEO or one Board Member	Until amended by a Board Resolution
Signing cheques and bank transfers. Jointly signed by category (a) and (b) for up to AED 100,000.	Category (a) - Chairman (H.E. Essa Kazim) or CEO or authorized Board Member - EVP - Head of Corporate Services Division (Ahmed Aljaziri) - Head of Finance Department (Mohammad Wahbeh)	Category (b) - EVP - Head of Operations Division (Hassan Al Serkal) - EVP - Head of CSD Division (Maryam Fekri) - EVP - Head of Business Development Division (Fahima Al Bastaki) - EVP - Head of Human Resources and Strategic Planning Division (Jamal Al Khadhar)		Until amended by a Board Resolution
Signing cheques and bank transfers. Jointly signed by category (a) and (b) for up to AED 50,000,000	Category (a) - Chairman (H.E. Essa Kazim) or CEO or authorized Board Member - EVP - Head of Corporate Services Division (Ahmed Aljaziri)	Category (b) - EVP - Head of Operations Division (Hassan Al Serkal) - EVP - Head of CSD Division (Maryam Fekri)		Until amended by a Board Resolution
Signing cheques and bank transfers. Jointly signed by category (a) and (b) for above AED 50,000,000	Category (a) - Chairman (H.E. Essa Kazim) - Deputy Chairman (Rashid Al Shamsi)	Category (b) - CEO or authorized Board Member - EVP - Head of Corporate Services Division (Ahmed Aljaziri)		Until amended by a Board Resolution
Signing settlement accounts (DVP, margin selling, derivatives, etc.) jointly signed by category (a) and (b) for any amount	Category (a) - Chairman (H.E. Essa Kazim) or CEO or authorized Board Member - EVP - Head of Corporate Services Division (Ahmed Aljaziri)	Category (b) - EVP - Head of Operations Division (Hassan Al Serkal) - EVP - Head of CSD Division (Maryam Fekri) - EVP - Head of Human Resources and Strategic Planning Division (Jamal Al Khadhar		Until amended by a Board Resolution
Renewal of bank facilities	Any amount	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
Approving the reallocation of financial budgets between different line items	From one item line to another	CEO or authorized Board Member	CEO or one Board Member	Until amended by a Board Resolution
	From one account to another under the same item line	Head of Corporate Services Division		Until amended by a Board Resolution

G. Related parties' Transactions during 2019

The DFM complies with SCA's rules and regulations regarding the definition of and transactions with related parties. In particular, those related to SCA's Board of Directors Decision No. (7/R.M) of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

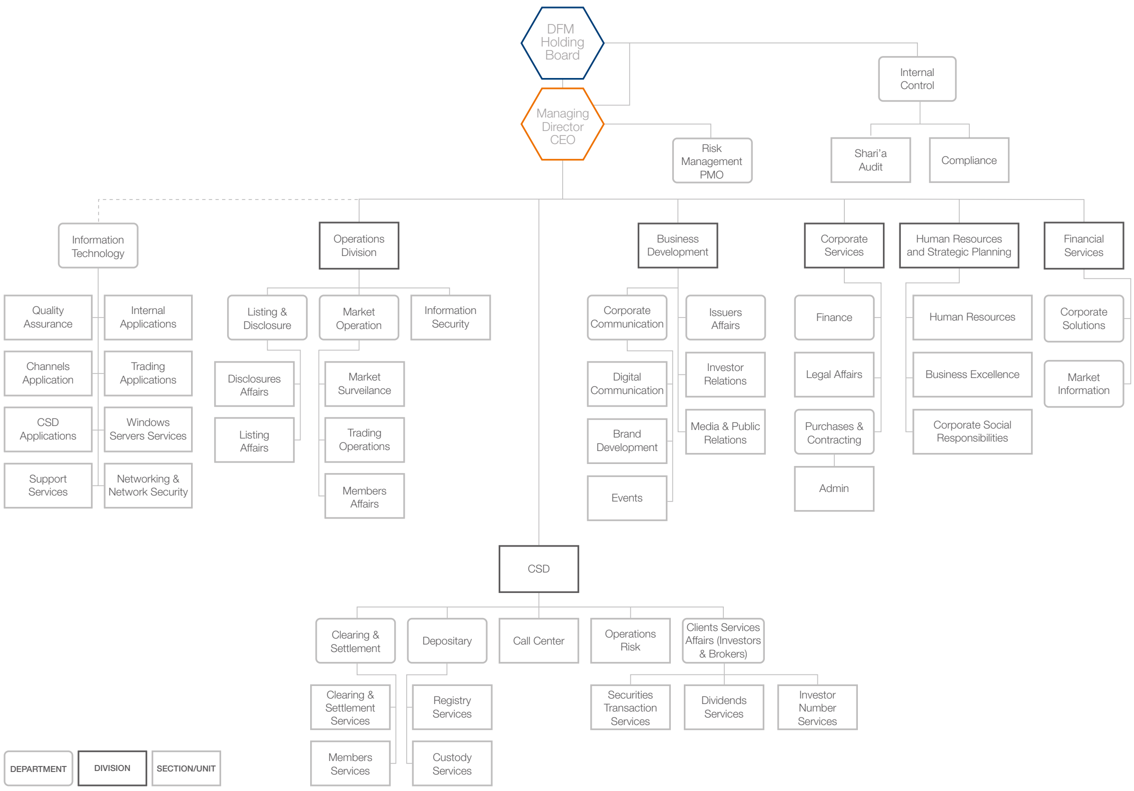
Stakeholders are defined as, DFM's Chairman and Board, DFM's senior Executive Management and employees, and the companies in which any of these own 30% or more capital, as well as subsidiaries, sister or affiliated companies. Related parties' transactions are defined as: transactions, contracts, or agreements signed by DFM outside the normal course of DFM's line of business or that include preferential conditions that DFM does not usually grant to its clients and any other transactions determined by SCA from time to time through decisions, instructions, or circulars.

In light of the above definitions, DFM did not enter into any transactions with related parties during 2019.

Stakeholder	Relationship clarification	Type of transaction	Value of transaction
N/A	N/A	N/A	N/A

In light of SCA's definition of the stakeholders and related parties' transactions, DFM identifies the stakeholders and continuously monitors their transactions. The Board's approval is obtained for transactions that do not exceed 5% of DFM's share capital. In addition, the Annual General Assembly Meeting held in 2019 approved transactions in excess of 5% and up to 30% of DFM's share capital.

H. DFM organizational structure



I. Detailed Statement of Senior Executives inthe first and second management ranks as per DFM's organizational structure, their jobs and dates of appointment, with details of total salaries and bonuses paid for them

DFM's Senior Executive Management consists of six Senior Executives. The following table lists the names of the Senior Executives, their titles, dates of their appointment and the total amounts they received as salaries and bonuses:

Name	Title	Date of Appointment	Total Salaries and Allowances for 2019 (AED)	Total Paid Bonuses for 2019 (AED)	Total of other Cash/ non-Cash Benefits for 2019 (AED)	Total (AED)
Mr. Hassan Abdulrahman Al Serkal	Executive Vice President - COO, Head of Operations Division	1st June 1999	1,253,262	108,616	245,771	**1,607,649**
Mrs. Maryam Mohamed Fikri	Executive Vice President - COO, Head of Clearing, Settlement and Depository Division	1st June 1999	1,253,262	108,616	197,451	**1,559,329**
Mr. Ahmad Mohammed Aljaziri	Executive Vice President - Head of Corporate Services Division	1st June 1999	1,121,302	97,179	176,634	**1,395,115**
Mr. Jamal Ibrahim AlKhadhar	Executive Vice President - Head of HR & Strategic Planning Division	1st June 1999	1,121,302	97,179	301,784	**1,520,267**
Mrs. Fahima Abdelrazaq Al Bastaki	Executive Vice President - Head of Business Development Division	22nd May 2004	1,049,841	90,986	253,915	**1,394,742**
Mr. Ali Amer Al Hashimi	Executive Vice President - Head of Financial Services Division	2nd August 2009	1,095,648	94,956	123,008	**1,313,612**

4. The External Auditor

A. Brief of the external auditor for Shareholders:

KPMG is a global network of professional services firms providing audit, tax and consulting services. KPMG member firms operate in 147 countries, and their total staff exceeds 219,000. The company was established in the Middle East for more than 50 years and has offices in the United Arab Emirates, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and Yemen, with more than 5,000 employees in the Middle East. The company has been operating in the UAE for more than 45 years through its offices in Abu Dhabi, Dubai and Sharjah, which includes more than 100 partners and directors and more than 1,300 employees.

B. Fees and costs of auditing or other services provided by the external auditor

Name of the external audit office	KPMG
Name of the partner auditor	Emilio Pera
Number of years it served as the company external auditor	2 years
Total audit fees for 2019	DFM PJSC AED 180,000 Borse Dubai (parent company) AED 120,000 Nasdaq Dubai (subsidiary company) AED 120,000
Fees and costs of other private services other than auditing the financial statements for 2019	AED 36,700
Details and nature of the other services	According to the SCA' letter # 2019/527/ش س/خ dated November 18, 2019, KPMG was appointed to audit all DFM dividends that were not received by the shareholders.
Statement of other services that another external auditor other than the Company's auditor provided during 2019	N/A

C. Auditor's reservations included in the interim and annual financial statements for 2019

There are no reservations that the auditor included in the financial statements for the year 2019.

5. The Audit Committee

A. Mr. Mohamed Humaid Al Marri, Chairman of the Audit Committee, acknowledges his responsibility for the Committee's system in the Company and for his review of its work mechanism and ensuring its effectiveness.

B. Names of the members of the Audit Committee, and statement of their specializations and tasks assigned to them.

- Mr. Mohammed Humaid Al Marri – Committee Chairman
- Mr. Ali Rashid Al Mazroei – Member
- Mr. Adil Abdullah Al Fahim – Member

All members of the Audit Committee are non-executive and independent. The members are accounting and financial experts.

The Audit Committee has the following specialization and duties:

- Implementing the policy related to contracting an external auditor; monitoring their independence, discussing the nature and scope of auditing, reviewing the statements of the external auditor, and ensuring timely response from the finance department and other executive departments to all inquiries and requirements presented by the external auditor.
- Monitoring the integrity and soundness of the DFM's financial statements and reports (annual, semi-annual and quarterly), and reviewing them as part of the Committee's regular duties. The Committee focused on the following aspects:
  - Highlighting issues subject to the Board' assessment.
  - Key amendments resulting from the audit process.
  - Assumptions of DFM Continuous operation
  - Complying with accounting standards as decided by the SCA.
  - Complying with the rules of listing and disclosure, as well as other legal requirements related to the preparation of financial reports.
- Holding quarterly meetings with the external auditor to discuss quarterly and annual financial statements together with the external auditor report, prior to submission to the Senior Management.
- Reviewing the DFM's financial control and internal control and risk management systems, and assessing the effectiveness of the Internal Control Department; assigning required resources and approval of the amended internal audit plan, based on the risk approach related to each division/department of both DFM and Nasdaq Dubai, and following up with the implementation of the plan on a quarterly basis.
- Reviewing and enhancing financial and accounting policies and procedures, as well as operational risk policy and procedures.
- Coordinating with the Board and the Executive Management, discussing the Internal Control Department's report and the Financial Control Department's report, and following up on all corrective actions on a quarterly basis.
- Monitoring the tools and guidelines enabling the DFM's employees to report, with confidentiality, any potential violations in financial reports, internal control or otherwise, in addition to reviewing the steps which will allow independent and fair investigation of such

violations. The designated staff for such purposes can be reached by email (whistleblower@dfm.ae) and telephone (+971-4-305-5665); in addition to designating employees to confidential reports in addition to the employees' portal on the DFM's internal network.

- Monitoring the DFM's compliance with the Code of Professional Conduct.
- Monitoring the compliance of the insiders or temporary insiders with the insider trading policy.

C. Meetings held by the Audit Committee during the year 2019 and its dates to discuss issues related to financial statements and any other matters, and determine the number of times for personal attendance of members in the meetings held.

	Meeting date	Attendees	Absent Members*
1	5th February 2019	3	NA
2	11th February 2019	3	NA
3	14th March 2019	2	Mr. Ali Rashid Al Mazroei*
4	25th April 2019	3	NA
5	25th June 2019	3	NA
6	21st July 2019	3	NA
7	01st October 2019	3	NA
8	30th October 2019	3	NA

*The Board member was absent for valid reasons.

6. The Nomination and Remuneration Committee

A. Mr. Rashid Hamad Al Shamsi, Chairman of the Nomination and Remuneration Committee, acknowledges his responsibility for the Committee's system in the DFM and for his review of its work mechanism and ensuring its effectiveness.

B. Members of the Nomination and Remuneration Committee and their competencies and duties

Following the Board's resolution in its meeting held on 16th April 2017, the Nomination and Remuneration Committee, comprising of non-executive and independent members, was formed, as follows:

- Mr. Rashid Hamad Al Shamsi – Committee Chairman
- Mr. Adil Abdullah Al Fahim – Member
- Mrs. Moaza Saeed Al Marri – Member

The Committee performed its assigned duties and responsibilities as follows:

- Verified the independence of members of DFM's Board continuously, in accordance with applied laws and regulations.
- Submitted proposals concerning certain amendments on human resources' policies.

C. Meetings held by the Nomination and Remuneration Committee during 2019, the dates of convening, and the number of times of personal attendance:

	Meeting date	Attendees	Absent Members
1	21st March 2019	2	Mrs. Moaza Saeed Al Marri*
2	12th December 2019	2	Mrs. Moaza Saeed Al Marri*

*The Committee member was absent for valid reasons.

7. Insider Trading Supervision and Follow-up Committee

A. Ms. Asma Lootah - Chairman of the Insider Trading Committee acknowledges her responsibility for the system for monitoring and supervising the transactions of insider trading in the DFM and for reviewing its cycle, mechanism and ensuring its effectiveness.

B. The Insider Trading Committee, chaired by Ms. Asma Lootah, Head of Internal Control Department, includes the following members:

Mr. Isameldin Mahgoub	Legal Affairs Department
Ms. Hanan Al Habashi	Market Control Department
Ms. Maryam Ali Murad	Human Resources Department
Ms. Fatima Bin Qaddad	Depository Department
Mr. Reda Farouk Shehata	Department of Internal Control - Rapporteur of the Committee

<u>Follows are the duties of Insider Trading Committee:</u>

1. Approve applications received from individuals in compliance with the policy. The approval decision is taken by the majority of votes and is communicated through suitable means.
2. Set rules to regulate employees trading in securities issued by the DFM, parent company, affiliates, and sister companies.
3. Monitor, follow up and supervise insider trading, keep records of insiders and their ownerships, and issue regular reports to the Management Committee and Audit Committee.
4. Review and investigate breaches (if any) and submit a report with the decisions and penalties to the human resources for execution.
5. Notify SCA with an updated insiders' list at the beginning of every fiscal year and any amendments thereon during the year.
6. Submit a copy of insiders' list to SCA upon request.
7. Disclose the insiders' list and temporary insiders to SCA on a quarterly basis along with the quarterly financial statements. The disclosure will be in accordance with the template received from SCA in June 2019.
8. Comply with any other requirements as stated by SCA from time to time.

C. During 2019, the Insider Trading Committee held six meetings and discussed all transactions related to insider trading, proposed amendments to the insider trading policy, and the possible ways to automate insider trading procedures and their monitoring.

8. Any other committee(s) approved by the Board

No other committees other than the above have been approved by the Board.

9. Internal Control System

A. The Board of Directors acknowledges that it is responsible for the DFM's Internal Control System, including reviewing and ensuring its effectiveness through the Internal Control Department, which acts in compliance with the International Standards for the Professional Practice of Internal

Auditing, issued by US-based Institute of Internal Auditors (IIA). The Internal Control Department submits regular reports to the Board of Directors and the Executive Management, pertaining to the objectives, authorities and responsibilities of internal auditing activities, along with the achievements in concurrence with the department's plan. The reports also include assessment of the effectiveness and efficiency of Internal Control Systems.

During 2019, the Internal Control Department (ICD) achieved "General Compliance" rating on the Quality Assessment conducted by the Internal Auditors Association (IIA). This review means that the ICD complies with the IIA's International Standards for the Professional Practice of Internal Auditing (IPPF).

The Internal Control Department (ICD) reports administratively to the Senior Management, and functionally to the Board of Directors through the Audit Committee, in such a manner that ensures its independence. In order to fulfill its duties, the ICD applies the latest international standards issued by the IIA as well as international best practices, in the following aspects:

- Developing the department's balanced scorecard in line with the DFM's strategic plan.
- Developing an audit plan based on the risks related to each section/department/division in order to prioritize implementation of the plan in higher risk departments. This plan is discussed and reviewed with the CEO and approved by the Audit Committee and the Board of Directors.
- Preparing a report on audited department which includes:
    - Audit objectives.
    - Audit scope.
    - Audit methodology.
    - Audit results.
    - Evaluating observations in terms of risk levels.
    - A comprehensive assessment of the audited division/department according to the assessment matrix.
- Following the 2019 internal auditing, the ICD submitted a number of recommendations to DFM and Nasdaq Dubai where all engaged divisions agreed to the implementation.
  These recommendations helped enhance the level of internal control and minimize risks, in line with the internal control objectives aimed at adding value to the DFM and its shareholders through improving the effectiveness of governance, control and risk management.
- Submitting to the Audit Committee and Board of Directors of both DFM and Nasdaq Dubai, all internal audit and follow-up reports and corrective actions taken by the concerned department to enhance internal control measures. These reports enable the Audit Committee and the Board to assess internal controls and make the necessary recommendations and resolutions in this regard.
- The ICD followed up on the implementation of corrective measures based on reports of the internal and external auditors, using the TeamMate Audit Management system.
- Coordinating with the external auditor, the Financial Audit Department, Quality Auditors and SCA inspectors.
- Offering advisory and insight services with the aim of enhancing and developing work procedures without compromising the independence of auditors, and in accordance with the work charter of the ICD.
- Updating the internal auditing charter to comply with the latest modules issued by US-based Institute of Internal Auditors (IIA).

B. Department director, qualifications and date of appointment

Head of the Internal Control Department:

Ms. Asma Lootah

Qualifications:

- Master's degree in Finance from E.Philip SaunderCollege of Business, Rochester Institute of Technology – May 2011.
- Certified Management Accountant (CMA) – February 2008.
- Certified Quality Auditor in ISO 9001:2000 from IRCA – May 2004.
- Bachelor's degree in Business Administration from the Higher Colleges of Technology – Dubai Women's College – 2001.
- Higher Diploma in Accounting from the Higher Colleges of Technology – Dubai Women's College 2000.
- President of the RIT Dubai Alumni since March 2014.
- Member of the Advisory Board of the Business Administration College at Rochester Institute of Technology Dubai.
- Member of the Association of Internal Auditors (AAA).

Date of appointment: Head of the Internal Control Department has been appointed in 2010.

The Internal Control Department comprises qualified employees, as follows:

Mr. Reda Farouk Shehata:

Manager – Internal Control and Shari'a Section

Holds CIB (2013) - CFC, CRMA (2012) - High studies in Financial Accounting from Ain Shams University (2003) and a Bachelor's degree in Accounting from Ain Shams University (1998).

Mr. Jacob Sebastian:

Manager – Information Systems Audit Section/ICD

Holder of Cobit 5.0 Certified Assessors (2014), CISA (2012), Certified Lead Auditor ISO 27001 (2011), CISSP (2011), CISM (2010) MA in Finance from Bharathidasan University (2014), BS in Computer Engineering from Cochin University (2001).

Mr. Mohammad Ahmed El Assaleh:

Deputy Manager –Internal Control Department

Holder of ACCA (2009), CRMA (2012), Bachelor's degree in Accounting from Yarmuk University (2003).

Mr. Ahmed Ragab Moaty:

Deputy Manager –Internal Control Department

Holder of CIA (2017), ACCA (2011), Bachelor's degree of Arts from Menoufeya University (2000).

Mrs. Farah Hani Al Ananni:

Senior Auditor –Internal Control Department

Holder of CPA (2010), Bachelor's degree in Accounting from the University of Jordan (2007).

C. Compliance officer, qualifications and date of appointment

The ICD head has been appointed as the compliance officer in 2016.

D. How the Internal Control Department dealt with any major problems at the DFM or those that were disclosed in the annual reports and accounts

The DFM was not subject to any significant risks in 2019. However, and in accordance with the ICD guidelines, the ICD handles any issues that the DFM may face through the following process:

- ICD identifies and classifies the nature of the problem in terms of the risk level, through determining the scale of the problem and the extent of its negative impact on the DFM.
- ICD communicates with the concerned departments through the division heads and the

CEO to discuss actions to contain and resolve the problem. ICD then makes the necessary recommendations.

- ICD reports the problem and the proposed relevant recommendations to the Audit Committee, which in turn, after discussing and evaluating the situation, submits it to the Board of Directors in order to make the appropriate decisions on the matter.
- ICD follows-up on the implementation of its recommendation by ensuring that the Board of Directors resolutions in this regard are implemented.
- ICD communicates with the external auditor, if necessary.

E. Number of reports issued by the Internal Control Department to the DFM's Board of Directors.

The internal audit department has achieved 92% of the approved 2019 audit plan, which consisted of 13 compliance reports, 12 Information Technology reports, and 10 Shari'a audit reports.

F. Risk Management

In an increasingly uncertain world, the need to improve trading efficiency, provide real-time information coupled with risk preparedness and state-of-the-art risk management tools are of paramount importance to the success of global markets. Proactive risk management is essential for Dubai Financial Market in realizing the objectives set out in its five-year strategy (2017-2021) aimed to drive accelerated growth, increased revenue and shareholder value. Accordingly, DFM has developed a strategy and implemented policies and procedures designed to measure, manage, monitor and report its risk exposures, and is regularly reviewed by the appropriate management and supervisory bodies.

While implementing its strategy and policies, DFM has defined its internal control and Enterprise Risk Management (ERM) Framework according to principles and guidelines of the COSO[1]-ERM framework- Aligning Risk with Strategy and Performance, ISO 31000: 2018, and the KPMG ERM Model, all of which define best practices and are geared to achieving an entity's objectives.

Principles of DFM ERM Model Aligned to DFM Strategic Objectives

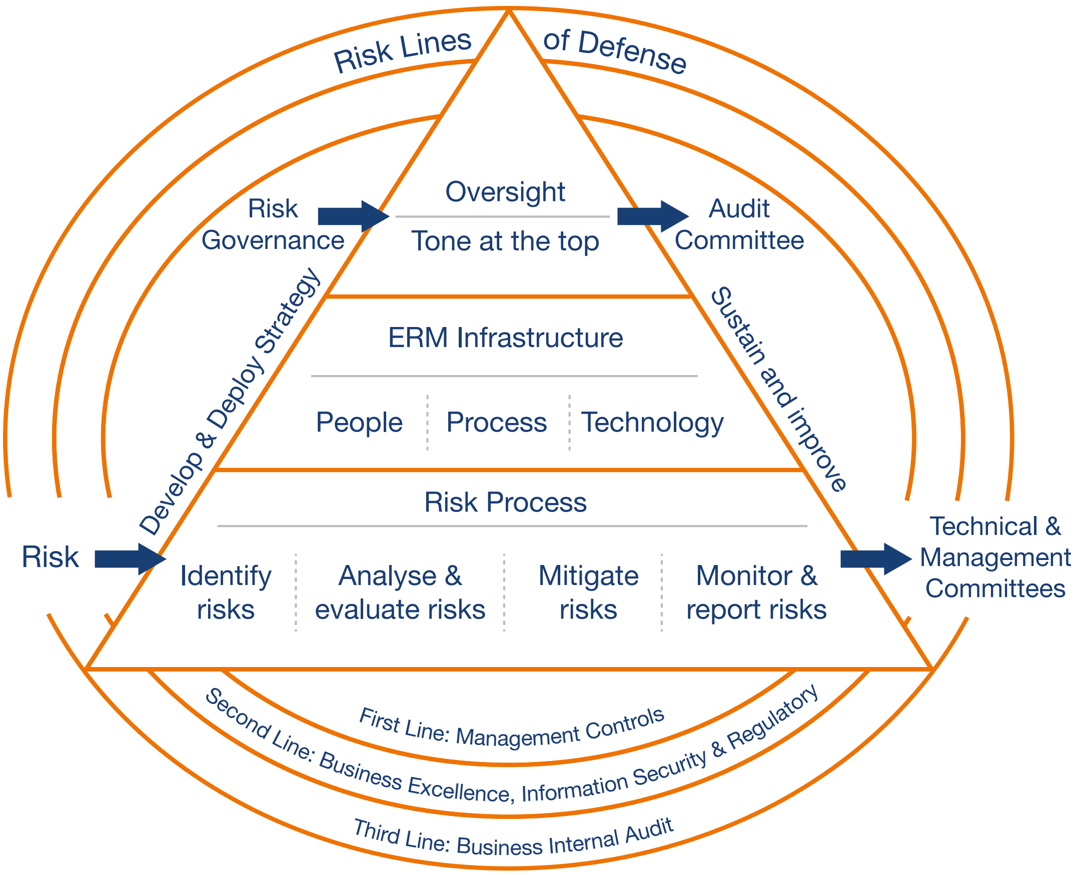
[1] COSO stands for the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and is a joint initiative to combat corporate fraud.

Risk Management Framework

The ultimate goal of the risk management framework is to optimize the risk exposure while accepting some degree of risks in the pursuit of DFM's vision, mission, and business objectives. DFM's risk appetite varies according to the undertaken activity and any acceptable risk is always subject to a cost-benefit analysis before approval coupled with established sensible measures to mitigate risks.

Within this framework, DFM has developed a systematic process to identify, analyze and evaluate the strategic and operational risks it faces while conducting business. Starting with its employees, a risk-reporting network has been established, this has been implemented through the application of the whistle-blowing policy and the appointment of a risk champion at each market segment. Once the risk has been identified, it is recorded and tracked through the risk register. A specialized team runs the Risk Management and Project Management office and reports to the Audit Committee and the Board of Directors. DFM continuously develops its risk management framework by providing a series of risk awareness workshops and assigning different roles and responsibilities to risk champions identified in each department. In the diagram below, we depict the overall process of DFM's risk management.

Integrated Risk Management Framework



Key Risks at a Glance

As any corporation, the Dubai Financial Market faces different types of risks that are divided into strategic risks and manageable business risks. The external environment affects the strategic risks, while the manageable business risks comprise of operational, financial risks and compliance risks all of which are managed by the DFM's operational units on a regular basis. Examples of internal bodies are the Risk Management Committee, the Insider Trading Committee, and the Audit Committee.

The main risk categories and how DFM manages them are as follows:

Risk Category	Risk Explanation	Risk Management
Strategic Risks	Risks that affect the long-term performance of the organization including external factors that jeopardize the ability to execute the strategy and to realize the going concern of the DFM. These include, but are not limited to, market risks, competition risks, geo-political risks, reputational risks, products and services related risks, cyber risks, data leakage and privacy risks.	DFM manages changes arising from strategic initiatives with prudence; a comprehensive risk assessment to insulate DFM operations from any adverse and unintended consequences from such risks is set in place. DFM Board of Directors and the Audit Committee continuously revise the strategy and associated risks to ensure it is up-to-date and that the business divisions are fit to generate economic value. The Board also analyzes the competitive landscape and its implications on the progress of high-impact strategic initiatives.
Financial Risks	DFM is exposed to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. DFM aims, therefore, to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance.	DFM's risk management policies are designed to identify and analyze these risks, to monitor and set appropriate risk limits and controls. DFM regularly reviews its risk management policies to accommodate changes in markets, products and emerging best practices. The finance department monitors and manages the financial risks relating to the operations of the market through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, price risk and profit rate risk), credit risk and liquidity risk.*
Operational Risks	This risk category addresses risks related to the business operations, Information Technology and security, tactical projects, service continuity.	DFM minimizes operational risks that would lead to settlement or market disruption by implementing robust controls that ensure business continuity, where information technology risks and employee risks are periodically reviewed. Becoming certified with the ISO 22301:2012 testifies to DFM's keenness in addressing business continuity related risks.
Compliance Risks	During the course of its work, DFM is exposed to compliance risk where legal penalties, financial forfeiture and material loss an organization can be incurred when it fails to comply with industry laws and regulations.	DFM attaches great importance to the risk of non-compliance, so it works closely with all market participants to comply with regulatory and legal requirements. The market maintains strong relationships with regulators, policy makers (such as the Securities and Commodities Authority and the Ministry of Economy, to name a few). DFM also closely monitors new developments in the regulatory framework, while proactively engaging in discussions and consultations with the respective regulatory authorities to propose changes and provide feedback on regulatory reforms and developments in the market on a regular basis.

* For further details on the financial risks please refer to note 25 of the Consolidated Financial Statements in this report.

10. Violations committed in 2019, their causes, treatment and avoidance of recurrence

The DFM did not commit any violations during 2019 or during the previous years.

11. DFM's contributions to the development of local communities and to environmental protection during 2019

In line with DFM policy towards social responsibility and its interest in sustainable development, DFM continued to organize activities aimed at serving the community. The DFM made the following contributions during the year 2019:

Entity Name	Contribution Nature	Amount (AED)
University of Dubai	Education fees	AED 10,000
Community Development Authority	Sohour in Ramadan	AED 5,000

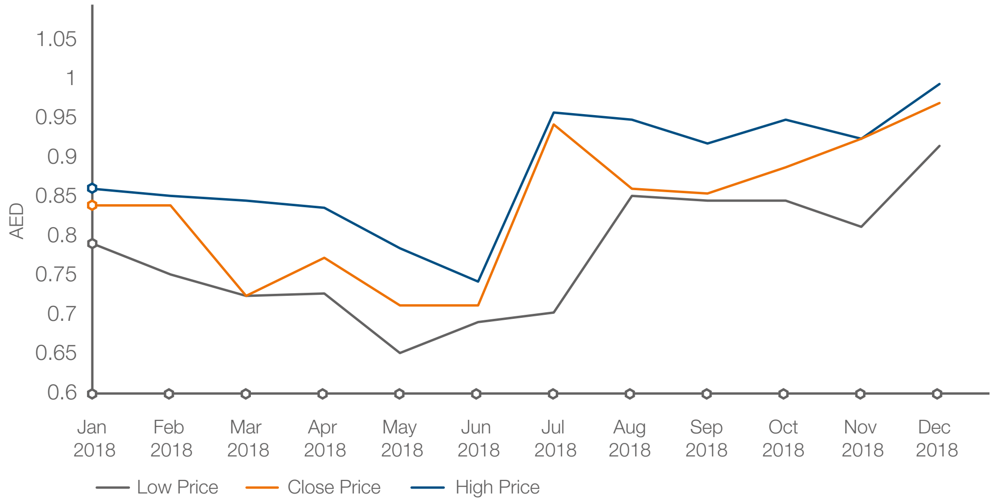
12. General Information

The following is an overview of DFM's most significant share trading information:

A. The DFM's share price (Closing price, highest and lowest price) at the end of each month of the fiscal year 2019.

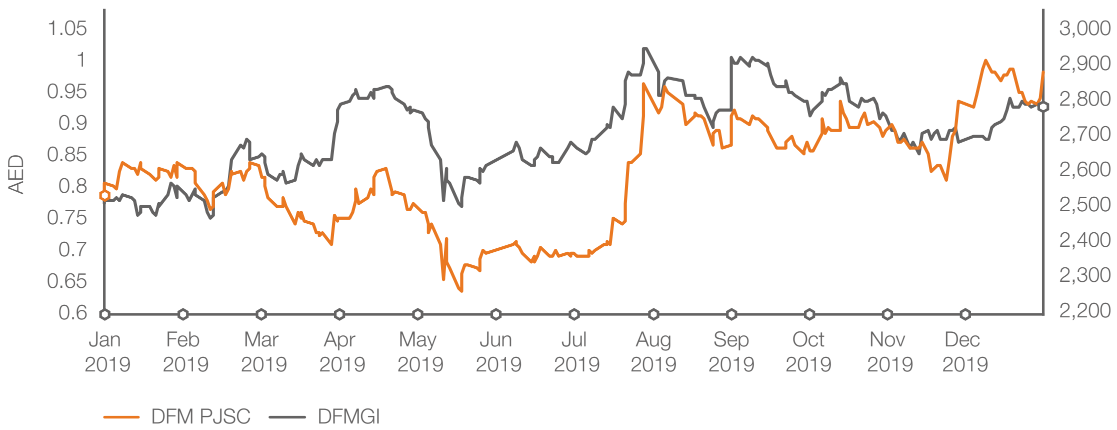
Month	Highest price during the month (AED)	Lowest price during the month (AED)	Closing price at the end of the month (AED)	DFM General Index (Index figure)	F-Investment Index (Index figure)
January	0.860	0.790	0.838	2,567.59	2,184.42
February	0.853	0.750	0.839	2,635.78	2,120.14
March	0.846	0.722	0.722	2,634.86	2,173.89
April	0.837	0.725	0.771	2,767.10	2,210.88
May	0.783	0.650	0.711	2,620.33	2,075.59
June	0.740	0.690	0.710	2,658.63	2,059.06
July	0.960	0.702	0.945	2,918.38	2,329.59
August	0.950	0.850	0.860	2,758.60	2,206.39
September	0.920	0.844	0.855	2,781.07	2,174.75
October	0.950	0.845	0.887	2,746.93	2,193.63
November	0.926	0.811	0.925	2,678.70	2,186.92
December	0.995	0.915	0.970	2,764.86	2,239.80

DFM PJSC Stock Price Movement

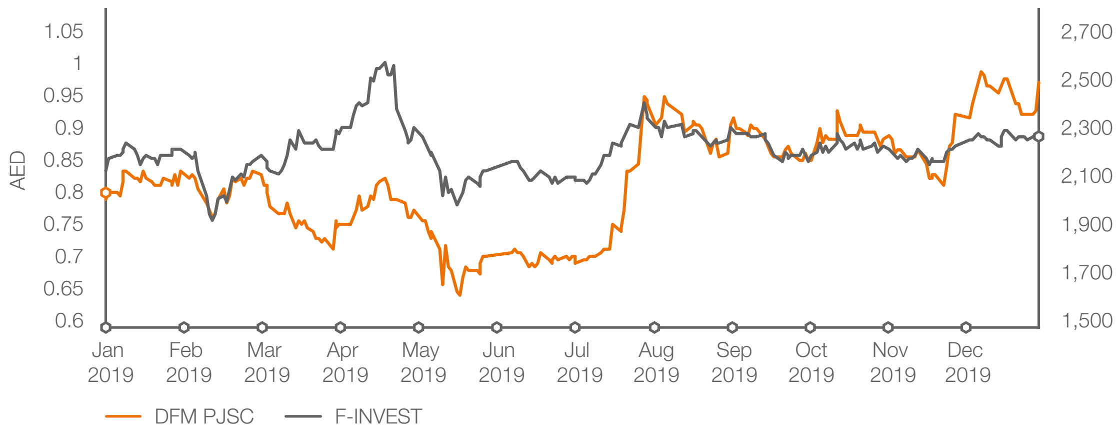


B. DFM PJSC share performance compared to DFM General Index and Sector Index during 2019

DFM PJSC Share Price Performance Compared to DFM Index during 2019



DFM PJSC Share Price Performance Compared to Financial Sector Index during 2019



C. Distribution of shareholder equity according to percentage of ownership on 31st December 2019 (individuals, companies, governments) classified as follows:

Shareholder Classification	Percentage of Ownership*			
	Individuals	Companies	Government	**Total**
Local	7.85%	85.37%	0.01%	**93.23%**
Arab**	2.13%	0.68%	-	**2.81%**
Foreign	1.31%	2.64%	-	**3.95%**
Total	**11.29%**	**88.69%**	**0.01%**	**100 %**

* Sum of percentages might not add up due to rounding.
** The shareholders' classification in the Arab category combines shareholders' nationalities of both the GCC and the Arabs.

D. Shareholders who hold 5% or more of DFM's capital as on 31st December 2019 are as follows:

Name	No. of Owned Shares	Percentage of Owned Shares of DFM Capital
Borse Dubai	6,453,000,000	80.6625%

E. Distribution of shareholder's equity according to share ownership size as on 31st December 2019 is as follows:

Share Ownership	No. of Shareholders	No. of Owned Shares	Ownership Percentage of Capital*
Less than 50,000	24,013	126,724,099	1.584 %
50,000 to less than 500,000	1,735	248,268,172	3.103 %
500,000 to less than 5,000,000	336	437,085,368	5.464 %
More than 5,000,000	52	7,187,922,361	89.849 %
Total	**26,136**	**8,000,000,000**	**100.00%**

* Sum of percentages might not add up due to rounding.

F. Investor Relations Controls

DFM was the first company to place great importance on investor relations since 2008. It established a dedicated division for Investor Relations, DFM also created a dedicated webpage for this purpose, where it publishes information related to its strategy, share price analysis, the Board of Directors information, news and events, analysts' list, financial reports, governance reports, unclaimed dividends, Zakat shares, and Investor Relations Officer contact details. In a move to enhance communication with investors, DFM also launched a smartphone application for investor relations.

For further information, please contact Investor Relations Officer:

Mrs. Haneen Nashashibi
Tel.: +971 4 305 5650
Fax: +971 4 305 5191
E-mail: IR@dfm.ae
Or visit DFM Website at www.dfm.ae/dfm-investor-relations

G. Most Significant Special Resolutions presented in the Annual General Assembly Meeting held during 2019 and procedures taken in that regard.

A special decision was presented to approve concluding deals with related parties (companies subject to ownership or government participation) provided that such deals do not exceed 30% of the DFM's capital and that these transactions are presented to the General Assembly in the future for approval, and has been approved.

H. Board Secretary.

- Name of the Board Secretary: Mr. Haitham Mohamed El Gebali
- Appointment Date: Appointed as a Board Secretary 15th December 2019
- Qualifications and experience:

Mr. El Gebali holds a BA in public law and a Master's degree in Private Law, in addition to high diploma in Economics and Public Finance from Egypt universities, licensed as Compliance Manager from the Securities and Commodities Authority, and a member of the Chartered Institution for Securities and Investment, UK, London.

Mr. Haitham is a lawyer and legal consultant with more than 20 years' experience in the field of law and legal advice. Prior to joining the Dubai Financial Market, Mr. Haitham served as Group General Counsel of Tilal Investment Group, and from 2010 to 2018 Legal and Compliance Counsel to SHUAA Capital (PJSC), and from 2006 to 2010 General Counsel for Al-Ramz Corporation PJSC (Formally Al Ramz Securities). Mr. Gebali, has extensive legal experience in the capital markets, as well as his experience in the field of arbitration and litigation in the United Arab Emirates and the Gulf region.

I. The DFM did not face any event that could be described as material/significant during 2019.

J. Emiratization percentage in DFM is as follows:

Year	Percentage of Emiratization
2017	60%
2018	58%
2019	58%

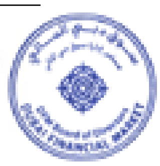
K. Innovative projects and initiatives during 2019

The DFM carried out several innovative projects and initiatives during 2019, mostly focusing on the transformation into a smart exchange and improving business procedures. The DFM also encouraged the distribution of cash dividends through Smart Market Solutions, and the Islamic index of the Dubai Financial Market was launched. On the other hand, the market has worked diligently to develop clearing, settlement and depository systems, as well as applying best practices that ensure the sustainability of governance.

The following are the delivered projects during 2019:

- Guidance on Environmental, Social and Governance (ESG) Reporting.
- Multiple Investors Numbers (NINs) Service.
- New measures pertaining to loss-making companies based on the financial results.
- "myAccount" dividends electronic service.
- Sustainability Strategic Plan 2025.
- DFM Islamic Shari'a Index.
- Dubai CSD Company.
- Foreign Ownership page.
- Trading e-learning section on website.

Signature of the Board Chairman	Signature of the Audit Committee Chairman	Signature of the Nomination and Remuneration Committee Chairman	Signature of the Internal Control Department Director
			
Date: 26/02/ 2020	Date: 27/02/ 2020	Date: 01/03/ 2020	Date: 26/02/ 2020



Fatwa and Shari'a Supervisory Board Report

During 2019, DFM Fatwa and Shari'a Supervisory Board performed the following tasks:

Market Standards

- Reviewed the final version of DFM standard for investment funds, in preparation for its finalization, after being approved by SCA.
- Prepared a standard for special purpose vehicle "SPV" which is still under consideration.
- Updated the frequently asked questions (FAQs) on the Dubai Financial Market website – Shari'a Auditing Section.

Shari'a Auditing

The Fatwa and Shari'a Supervisory Board reviewed the reports prepared by the Shari'a Auditing Section on a quarterly basis. The Board also gave its recommendations on these reports before their approval.

Islamic index of the Dubai Financial Market

The Dubai Financial Market – Shari'a Auditing Section has participated in the establishment of the Dubai Financial Market Shari'a Index (the DFMSI) as an Islamic index that serves all dealers interested in tracking the movement of companies (Shari'a-compliant trading).

Fatwas

The Fatwa and Shari'a Supervisory Board commented on all Shari'a-related inquiries that were raised during 2019, whether by DFM management or from external parties.

Classification of Listed Companies

The Fatwa and Shari'a Supervisory Board reviewed and adopted the classifications of companies listed on both the Dubai Financial Market and Nasdaq Dubai, according to their Shari'a compliance. The classification is prepared by the Shari'a Auditing Section in accordance with DFM Standard on Issuing, Acquiring and Trading Shares.

Calculation of 2018 Zakat

The Fatwa and Shari'a Supervisory Board has reviewed and adopted the calculation of Zakat for DFM PJSC, payable for 2018, which was prepared by the Shari'a Auditing Section, in light of DFM Zakat balance sheet. Subsequently, the Board has invited DFM shareholders to pay the Zakat during the Annual General Assembly Meeting held in 2019.

Calculation of non-Shari'a-compliant income for 2018

The Fatwa and Shari'a Supervisory Board reviewed and approved the total amount of non-Shari'a-compliant income for 2018, and the proportion of each share.

05. Consolidated Financial Statements

Independent Auditor’s Report

To the Shareholders of Dubai Financial Market (DFM) P.J.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Dubai Financial Market (DFM) P.J.S.C. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with 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 these requirements and 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.

Impairment of goodwill and other intangible assets

Refer to note 6 ‘Goodwill and other intangible assets’

Impairment of goodwill and other intangible assets is a Key Audit Matter due to

- The size of the balance (being 51.33% of total assets as at 31 December 2019); and

Impairment of goodwill and other intangible assets (continued)

- The determination of recoverable amount being the higher of fair value less costs to sell and value in use requires judgement on the part of management.

Management has assessed for impairment DFM's goodwill and other intangible assets as at 31 December 2019 by comparing the carrying value of the cash generating unit (" CGU ") to which the goodwill has been allocated with the recoverable amount. Based on the requirements of IAS 36, management has assessed the recoverable amount as the higher of its fair value less costs of disposal and value in use. At 31 December 2019, they determined fair value less costs of disposal as the higher amount. Management has assessed fair value less costs of disposal based on the average of the volume weighted average quoted market price of DFM during last 3 months of the year ended 31 December 2019 and closing quoted market price as at 31 December 2019 and control premium (net of costs of disposal) of 15%.

Management assessment of recoverable amount for impairment of Group`s goodwill and other intangible assets through fair value less costs of disposal and the value in use model involves significant judgements and estimates such as control premium (net of costs of disposal), forecast cash flows, discount rates applied, and the assumptions underlying the forecast growth and terminal growth rates.

Our response

- We assessed management's identification of CGUs based on our understanding of the Group's business and the requirements of the relevant accounting standards.
- We obtained the independent expert report that management obtained for the impairment assessment of goodwill and other intangible assets and confirmed that the valuation approach is in accordance with the relevant accounting standards.
- We re-performed management's impairment assessment by using the volume weighted average quoted market price of DFM during last 3 months of the year ended 31 December 2019 and closing quoted market price as at 31 December 2019.
- We involved our valuation specialists to critically assess the appropriateness of the quoted market prices and control premium (net of costs of disposal) and compare these assumptions to external market data.
- We performed a sensitivity analysis over key assumptions such as volume weighted average quoted market price during the last 3 months of the year ended 31 December 2019, closing quoted market price as at 31 December 2019, control premium (net of costs of disposal) to identify if there is higher risk of impairment and further challenge management's assumptions..
- We also assessed the adequacy of relevant disclosures in the Group's financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon ('the Annual report'). The Annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with ISAs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are 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 auditors' 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 consolidated financial statements.
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 auditors' report to the related disclosures in the consolidated 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 auditors' 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 consolidated 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 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 auditors' 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.

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;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Chairman`s Statement, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) as disclosed in note 25.5 to the consolidated financial statements, the Group has not purchased any share during the year ended 31 December 2019;

vi) note 15 to the consolidated financial statements discloses material related party transactions and the terms under which they were conducted; and

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 Group has contravened during the financial year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association, which would materially affect its activities or its consolidated financial position as at 31 December 2019.

KPMG Lower Gulf Limited

Emilio Pera
Registration No: 1146
Dubai, United Arab Emirates
Date: 09 Feb 2020

Consolidated statement of financial position

As at 31 December 2019

	Note	2019 AED'000	2018 AED'000
ASSETS			
Non-current assets			
Goodwill	6	**2,878,874**	2,878,874
Other intangible assets	6	**2,090,098**	2,146,587
Property and equipment	7	**344,863**	294,445
Financial assets measured at fair value through other comprehensive income (FVOCI)	8	**850,198**	752,614
Investment at amortised cost	9	**175,489**	185,017
Investment deposits	10	**257,311**	364,749
Total non-current assets		**6,596,833**	6,622,286
Current assets			
Prepaid expenses and other receivables	11	**83,855**	74,326
Investment deposits	10	**2,791,122**	2,465,148
Cash and cash equivalents	12	**209,101**	280,943
Total current assets		**3,084,078**	2,820,417
Total assets		**9,680,911**	9,442,703
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
Investments revaluation reserve – FVOCI	14	**(803,542)**	(815,844)
Statutory reserve	14	**454,272**	442,211
Retained earnings		**224,424**	142,249
Equity attributable to owners of the company		**7,870,790**	7,764,252
Non-controlling interest		**20,576**	19,137
Total equity		**7,891,366**	7,783,389
Non-current liabilities			
Subordinated loan	15	**29,098**	27,829
Lease liabilities	16	**26,656**	-
Provision for employees' end of service benefits	17	**23,200**	21,388
Total non-current liabilities		**78,954**	49,217
Current liabilities			
Payables and accrued expenses	18	**1,238,125**	1,113,454
Dividends payable to parent company	15, 19	**466,500**	486,500
Due to related parties	15	**5,966**	10,143
Total current liabilities		**1,710,591**	1,610,097
Total liabilities		**1,789,545**	1,659,314
Total equity and liabilities		**9,680,911**	9,442,703

These consolidated financial statements were approved on 9 February 2020 by the Board of Directors and signed on its behalf by:

....

Chairman

The notes on pages 93 to 123 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 82-86.

Consolidated statement of income

For the year ended 31 December 2019

	Note	2019 AED'000	2018 AED'000
Income			
Trading commission fees		**129,058**	138,214
Brokerage fees		**18,545**	21,646
Clearing, settlement and depository fees		**22,967**	26,043
Listing and market data fees		**9,636**	9,486
Other Fees		**6,765**	7,865
Operating income		**186,971**	203,254
Investment income	20	**140,233**	129,781
Other income		**(97)**	1,358
Total income		**327,107**	334,393
Expenses			
General and administrative expenses	21	**(145,026)**	(151,179)
Amortisation of other intangible assets	6	**(56,489)**	(56,489)
Interest expense	15, 16	**(3,544)**	(1,213)
Operating expenses		**(205,059)**	(208,881)
Net profit for the year		**122,048**	125,512
Profit attributable to:			
Owners of the company		**120,609**	125,466
Non-controlling interest		**1,439**	46
		122,048	125,512
Basic and Diluted Earnings per share – AED	22	**0.015**	0.016

The notes on pages 93 to 123 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 82-86.

Consolidated statement of comprehensive income

For the year ended 31 December 2019

	2019 AED'000	2018 AED'000
Net profit for the year	**122,048**	125,512
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	**10,763**	(130,744)
Total comprehensive income/(loss) for the year	**132,811**	(5,232)
Attributable to:		
Owners of the Company	**131,372**	(5,278)
Non-controlling interest	**1,439**	46
	132,811	(5,232)

The notes on pages 93 to 123 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 82-86.

Consolidated statement of changes in equity

For the year ended 31 December 2019

	Share Capital AED'000	Treasury shares AED'000	Investments revaluation reserve FVOCI AED'000	Statutory reserve AED'000	Retained earnings AED'000	Attributable to owners of the company AED'000	Non-controlling interest AED'000	Total AED'000
As at 1 January 2018	8,000,000	(4,364)	(702,860)	429,664	419,182	8,141,622	19,091	8,160,713
Adjustment on initial application of IFRS 9	-	-	-	-	(547)	(547)	-	(547)
Adjusted balance at 1 January 2018	8,000,000	(4,364)	(702,860)	429,664	418,635	8,141,075	19,091	8,160,166
Net profit for the year	-	-	-	-	125,466	125,466	46	125,512
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	(130,744)	-	-	(130,744)	-	(130,744)
Total comprehensive loss for the year	-	-	(130,744)	-	125,466	(5,278)	46	(5,232)
Transactions with owners of the Company								
Dividends declared, net of appropriation of non-sharia compliant income (Note13)	-	-	-	-	(335,508)	(335,508)	-	(335,508)
Appropriation of non-sharia compliant income (Note 24)	-	-	-	-	(35,999)	(35,999)	-	(35,999)
Transfer to statutory reserve (Note 14)	-	-	-	12,547	(12,547)	-	-	-
Realised loss on disposal of investments	-	-	17,760	-	(17,760)	-	-	-
Zakat	-	-	-	-	(38)	(38)	-	(38)
As at 31 December 2018	**8,000,000**	**(4,364)**	**(815,844)**	**442,211**	**142,249**	**7,764,252**	**19,137**	**7,783,389**
As at 1 January 2019	8,000,000	(4,364)	(815,844)	442,211	142,249	7,764,252	19,137	7,783,389
Net profit for the year	-	-	-	-	120,609	120,609	1,439	122,048
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	10,763	-	-	10,763	-	10,763
Total comprehensive income for the year	-	-	10,763	-	120,609	131,372	1,439	132,811
Transactions with owners of the Company								
Appropriation of non-sharia compliant income (Note 24)	-	-	-	-	(24,801)	(24,801)	-	(24,801)
Transfer to statutory reserve (Note 14)	-	-	-	12,061	(12,061)	-	-	-
Realised loss on disposal of investment	-	-	1,539	-	(1,539)	-	-	-
Zakat	-	-	-	-	(33)	(33)	-	(33)
As at 31 December 2019	**8,000,000**	**(4,364)**	**(803,542)**	**454,272**	**224,424**	**7,870,790**	**20,576**	**7,891,366**

The notes on pages 93 to 123 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 82-86.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	**2019 AED'000**	2018 AED'000
Cash flows from operating activities			
Net profit for the year		**122,048**	125,512
Adjustments for:			
Depreciation of property and equipment	7	**21,604**	11,943
Provision for employees' end of service benefits	17	**2,512**	2,509
Amortisation of other intangible assets	6	**56,489**	56,489
Interest expense	15	**3,544**	1,213
Revenue from investment deposits	20	**(127,348)**	(110,053)
Dividend revenues	20	**(12,885)**	(19,728)
Operating cash flow before changes in operating assets and liabilities		**65,964**	67,885
Changes in:			
- Prepaid expenses and other receivables		**(1,019)**	8,660
- Due to a related party		**(4,177)**	(6,030)
- Payables and accrued expenses		**88,742**	259,480
Cash generated from operations		**149,510**	329,995
Employees' end of service benefits paid	17	**(700)**	(34)
Net cash generated from operating activities		**148,810**	329,961
Cash flows from investing activities			
Proceeds from sale and redemption of investments		**22,977**	36,695
Investments in sukuk and other financial assets measured at FVOCI		**(100,403)**	(130,969)
Net of property and equipment	7	**(25,017)**	(31,143)
Net investment deposits (excluding cash and cash equivalents & non cash transactions)		**(218,535)**	(275,000)
Investment deposit revenue received		**118,971**	93,627
Dividend received	20	**12,885**	19,728
Net cash used in investing activities		**(189,122)**	(287,062)
Cash flows from financing activities			
Dividends paid to shareholders	19	**(20,000)**	(171,285)
Distribution of non-Sharia compliant income to shareholders	13,24	**-**	(64,280)
Lease Liabilities	16	**(11,530)**	-
Net cash used in financing activities		**(31,530)**	(235,565)
Net decreasein cash and cash equivalents		**(71,842)**	(192,666)
Cash and cash equivalents at the beginning of the year		**280,943**	473,609
Cash and cash equivalents at the end of the year	12	**209,101**	280,943

The notes on pages 93 to 123 form an integral part of these consolidated financial statements.
The independent auditor's report is set out on page 82-86.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. Establishment and operations

Dubai Financial Market (DFM) - PJSC (the "Company") is a public joint stock company incorporated in the Emirate of Dubai – United Arab Emirates, pursuant to decree No. 62 for the year 2007 issued by the Ministry of Economy on February 6, 2007, and is subject to the provisions of the UAE Federal Law No. (2) of 2015 (Companies Law). The Company received its registration under Federal Law No. 4 of 2000 with the Securities and Commodities Authority ('SCA') on November 4, 2000.

The licensed activities of the Company are trading in financial instruments, acting as a commercial, industrial and agricultural holding and trust company, financial investment consultancy, and brokerage in local and foreign shares and bonds. In accordance with its Articles of Association, the Company complies with the provisions of Islamic Shari'a in all its activities and operations and invests its funds 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.

The ultimate parent and controlling party is the Government of Dubai which owns 80.66% (2018: 79.63%) of DFM through Borse Dubai Limited (the "Parent"), a Government of Dubai entity.

These consolidated financial statements comprise DFM – (PJSC) and its subsidiaries (together referred to as "the Group"). Details of the subsidiaries are as follows:

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

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

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

**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	U.A.E.	100%

***The remaining 33% is held by Borse Dubai Limited (Note 23).

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") as issued by International Accounting Standard Board ("IASB"), and applicable provisions of the UAE Federal law No. 2 of 2015 ("UAE Companies Law of 2015").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income (FVTOCI).

(c) Functional and presentation currency

The consolidated financial statements are 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.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are disclosed in note 5.

3. Changes in significant accounting policies

The Group initially applied IFRS 16 Leases from 1 January 2019. A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated- i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4.16.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

b) As a lessee

As a lessee, the Group leases office premises. The Group previously classified leases as operating lease based on its assessment on whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

For lease of office premises, the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

(i) Leases classified as operating leases under IAS 17

Previously, the Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application; or
- an amount equal to the lease liability; adjusted by the amount of any prepaid or accrued lease payments, the Group applied this approach to all their leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application:
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application: and
- used hindsight when determining the lease term.

c.) Impact on financial statements

Impact on transition

On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	As at 1 January 2019
	AED'000
Right-of-use assets – property and equipment (Note 16)	33,335
Lease liabilities	24,823

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 5.5%.

	As at 1 January 2019
	AED'000
Operating lease commitments as at 1 January 2019	28,341
Discounted using the incremental borrowing rate at 1 January 2019	24,823

4. Summary of significant accounting policies

4.1 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. 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 financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration given for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration given includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred except if related to the issue of debt or equity securities.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of Income.

Goodwill is initially measured as the excess of the aggregate of the consideration given and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of Income.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Loss of Control

When the group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in the consolidated statement of income. Any interest retained in former subsidiary is measured at fair value when control is lost.

4.2 Other intangible assets

Other intangible assets acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of income.

The estimated useful lives for current and comparative periods are as follows:

License to operate as a Stock Exchange	50 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

4.3 Goodwill

Goodwill represents the excess of the consideration transferred over interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

4.4 Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any identified impairment loss. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group

The carrying amount of the land is its initial fair value together with any incidental costs. Subsequent to the initial recognition, the land is carried at historical cost less accumulated impairment and is not depreciated. Subsequent costs are included in the land's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in consolidated statement of income. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

	Years
Computers and information systems	3-5
Leasehold improvements	7
Furniture and office equipment	3-10
Motor vehicles	4
Right-of-use assets	5

Depreciation method, useful lives and assets' residual values are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the consolidated statement of income.

Capital work in progress is stated at cost and is transferred to the appropriate asset category when it is available for use and is depreciated in accordance with the Group's accounting policy.

4.5 Cash and cash equivalents and investment deposits

Cash and cash equivalents and investment deposits are initially recognised at fair value and measured subsequently at amortised cost using the effective interest method. Impairment of amounts due from financial institutions and investment deposits is assessed as outlined in the accounting policy on financial assets.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, current, saving and mudarabah accounts with banks and investment deposits with an original maturity of less than three months.

4.6 Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised when they are originated and the Group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

(a) Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI – debt investment; FVOCI – equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the instrument give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Group management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses:
Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of income.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of income (Note 20) unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the consolidated statement of income.

Derecognition of financial assets:
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

(i) Non-derivative financial assets

Impairment of financial assets
The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost; and
- debt investments measured at FVOCI;

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.
When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, 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 informed credit assessment and including forward-looking information.
The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

Measurement of ECLs

ECLs are a 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 the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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 of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

<u>Presentation of allowance for ECL in the statement of financial position</u>

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

4.7 Financial liabilities

All financial liabilities are subseqently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of income. Any gain or loss on derecognition is also recognised in the consolidated statement of income.

<u>Derecognition of financial liabilities</u>

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

4.8 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.9 Impairment on non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of income. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.10 Employees' end of service benefits

Provision is also made for the full amount of end of service benefit due to non-UAE national employees in accordance with the UAE Labour Law, for their period of service up to the end of the year. The provision relating to end of service benefit is disclosed as a non-current liability.

U.A.E. National employees in the United Arab Emirates are members of the Government-managed retirement pension and social security benefit scheme. As per Federal Labour Law No. 7 of 1999, the Group is required to contribute between 12.5% - 15% of the "contribution calculation salary" of U.A.E. payroll costs to the retirement benefit scheme to fund the benefits.

U.A.E. National employees are also required to contribute 5% of the "contribution calculation salary" to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the consolidated statement of income.

The Group provides for staff terminal benefits based on an estimation of the amount of future benefit that employees have earned in return for their service until their retirement. This calculation is performed based on a projected unit credit method.

4.11 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the consolidated statement of profit or loss when the changes arise.

4.12 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Treasury shares

When shares recognised as equity are unalloted, these are recognised as a deduction from equity. Unalloted shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

4.13 Revenue recognition

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer.

The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, in-cluding significant payment terms	Revenue recognition policies
Trading Commission Fees	Trading Commission Fees represents the fees charged by DFM on each trade (both buy and sell) undertaken by the brokers as per laws & regulations of SCA.	Trading commission fees are recognised at the time when the underlying trade has been consummated.
Brokerage fees	Invoices are issued to broker based on annual/daily subscription and are payable on presentation. Brokerage revenue comprises of various license and services provided to the broker.	Revenue is recognised at the time when the broker utilises the services provided by DFM. i.e over the period of the annual subscriptions. Revenue for one-time services are recognised at the time when the service is provided to the broker.
Listing and Market Data Fees	Listing fee is charged to companies that list their stocks on DFM. Market Data Fees is charged for the use of DFM's market data. The listing and market data fee is applicable for one year or monthly basis and is payable on presentation of the invoice.	Revenue is recognised over the period of the listing and the period for which the customer has access to the market data feed as per the contract period.
Clearing, Depository and Settlement Fees	These services are subscribed by a customer on daily/annual basis which is payable on presentation of the invoice.	Revenue is recognised at the time when the underlying service is provided to the customer/company.
Other fees	Invoices are issued based on customer/companies request and are payable on presentation of the invoice.	Revenue is recognised at the time when the underlying service is provided to the customer/company.

4.14 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

4.15 Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

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

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

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

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

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

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

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether.

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
- the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
- the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

In the comparative period, as a lessee the Group classified office premises lease as an operating lease and was not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in the consolidated statement of income on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

4.16 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the following new standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards.
- Definition of a Business (Amendments to IFRS 3).
- Definition of Material (Amendments to IAS 1 and IAS 8).

5. Critical accounting estimates and judgments

In the application of the Group's accounting policies, which are described in Note 4 to these consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical accounting estimates and judgments, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments, net asset value of the investee company / funds or other valuation models.

Estimated useful lives of other intangible assets

Management has estimated the useful economic lives of the other intangible assets based on analysis of relevant factors relating to the expected period over which the other intangible assets are expected to generate cash inflows to the Group in the foreseeable future. Management assesses the estimated useful lives on a periodic basis.

Impairment for goodwill and other intangible assets

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Refer to note 6 for estimates and judgments.

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using higher of fair value less costs to sell or value in use of the cash generating units to which the goodwill is allocated. Estimating the fair value less costs to sell requires the Group to make an estimate for the control premium in order to calculate the fair value less costs to sell. Estimating the value in use requires the Group to make an estimate for expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Other intangible assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairment of other intangible assets are reviewed for possible reversal at each reporting date.

Depreciation of property and equipments

The cost of property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset, expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial. Management assesses the estimated useful lives on a periodic basis.

Impairment loss on trade receivables

At each reporting date, the management uses an allowance matrix to measure the Expected Credit Loss (ECL) of trade receivables. Impairment loss on trade receivables is recognised based on ECL.

Provision for end of service benefitss

The Group provides end of service benefits for its expatriate employees in accordance with U.A.E. Labour Law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

Pension and national insurance contributions for the U.A.E. citizens are made by the Group in accordance with Federal Law No. 2 of 2000.

6. Goodwill and other intangible assets

	Goodwill AED'000	License to operate as a stock exchange AED'000
Cost		
At 1 January 2018 and 2019	2,878,874	2,824,455
Amortisation		
At 1 January 2019	-	677,868
Charge for the year	-	56,489
At 31 December 2019	**-**	**734,357**
At 1 January 2018	-	621,379
Charge for the year	-	56,489
At 31 December 2018	-	677,868
Carrying amount		
At 31 December 2019	**2,878,874**	**2,090,098**
At 31 December 2018	2,878,874	2,146,587

Impairment testing of Goodwill

Determining whether goodwill is impaired requires an estimation of recoverable amount of the cash generating units to which goodwill has been allocated. DFM as a standalone market is considered a single cash generating unit ("CGU") for impairment testing purpose. Management assessed the recoverable amount for the CGU using both value in use ("VIU") model and fair value less costs to sell. They concluded the fair value less costs to sell was greater (2018: VIU was greater). To arrive at the fair value less costs to sell for the CGU to which goodwill is allocated, the management has used average of volume weighted average quoted market price of DFM during last 3 months of the year ended 31 December 2019 and closing quoted market price as at 31 December 2019 (2018: discounted cash flows ("DCF")) and control premium (net of costs to sell) of 15% to calculate the recoverable amount.

The estimated recoverable amount of the CGU as at 31 December 2019 exceeds its carrying amount by approximately AED 404 million (2018: AED 32 million). Management of the Company does not believe that there is any impairment of Goodwill as at the reporting date.

The following key assumptions were used in 2019:

Volume weighted average quoted market price during last 3 months of the year ended 31 December 2019	**AED 0.93 / share**
Closing quoted market price as at 31 December 2019	**AED 0.97 /**
Control Premium - net of costs to sell	**share 15%**

Management has identified that a reasonably possible change in three key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these three assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amoun to equal recoverable amount (In percent)
Volume weighted average quoted market price during last 3 months of the year ended 31 December 2019	**7.94%**
Closing quoted market price as at 31 December 2019	**11.65%**
Control Premium - net of costs to sell	**88.7%**

The Board of the Group believe that the key assumptions are appropriate as at 31 December 2019 and there is no impairment of the goodwill.

The following key assumptions were used in the value in use model in 2018 in line with methodology of assessing the recoverable amount for the CGU as the higher of VIU and fair value less costs to sell:

1. Cash flows used in determining VIU were projected for five years on historical experience; and the growth in trading volume and trading value for the next five years based on approved strategic financial projections for the years 2019-2023. It was assumed that in the next five years, the main operating revenues would increase by average 31% per annum and EBITDA growth rate by average 42% per annum, within the period taking into consideration the economic factors such as EXPO 2020, the approved immigration and investment laws, GDP improvements and others.

2. Discount rate of 10.92% was used to discount the cash flows projected which was estimated based on the current risk free rate of 3.2%, current market risk premium of 6.16%, country risk premium of 0.57% and the beta coefficient of 1.15 related to the CGU.

3. The cash flow projections included specific estimates for five years and a terminal growth rate of 2% thereafter. There terminal growth was determined based on management estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

Management identified that an increase in discount rate by 0.1% and decrease in budgeted EBITDA growth rate by 0.5% could cause the carrying amount to exceed the recoverable amount.

7. Property and equipment

	Computers and information systems AED'000	Right-of-use Assets AED'000	Leasehold improvement AED'000	Furniture and office equipments AED'000	Motor vehicles AED'000	CAPITAL WORK-IN-PROGRESS Others AED'000	CAPITAL WORK-IN-PROGRESS Building under construction AED'000	Land AED'000	Total AED'000
Cost									
At 31 December 2017	120,251	-	22,536	19,200	137	13,296	1,063	231,306	407,789
Additions	3,748	-	481	4,106	-	10,504	12,442	-	31,281
Disposals	(3,033)	-	-	(2,103)	-	-	-	-	(5,136)
Transfers	1,827	-	-	6,691	-	(8,518)	-	-	-
At 31 December 2018	122,793	-	23,017	27,894	137	15,282	13,505	231,306	433,934
Additions	1,886	47,005	55	256	-	3,066	19,828	-	72,096
Disposals	(95)	-	-	(79)	-	-	-	-	(174)
Transfers	1,409	-	180	562	-	(2,151)	-	-	-
At 31 December 2019	**125,993**	**47,005**	**23,252**	**28,633**	**137**	**16,197**	**33,333**	**231,306**	**505,856**
Accumulated depreciation									
At 31 December 2017	105,679	-	13,092	13,707	66	-	-	-	132,544
Charge for the year	6,934	-	1,673	3,302	34	-	-	-	11,943
Disposals	(2,949)	-	-	(2,049)	-	-	-	-	(4,998)
At 31 December 2018	109,664	-	14,765	14,960	100	-	-	-	139,489
Charge for the year	6,575	9,719	1,701	3,590	19	-	-	-	21,604
Disposals	(74)	-	-	(26)	-	-	-	-	(100)
At 31 December 2019	**116,165**	**9,719**	**16,466**	**18,524**	**119**	**-**	**-**	**-**	**160,993**
Carrying Amount									
At 31 December 2019	**9,828**	**37,286**	**6,786**	**10,109**	**18**	**16,197**	**33,333**	**231,306**	**344,863**
At 31 December 2018	13,129	-	8,252	12,934	37	15,282	13,505	231,306	294,445

8. Financial assets measured at fair value through other comprehensive income (FVOCI)

	2019 AED'000	2018 AED'000
Designated as equity instruments		
Investment in equity securities	**267,342**	282,506
Managed funds – Note 8.1	**275,735**	268,361
Investment in sukuk– Note 8.2	**307,121**	201,747
	850,198	752,614

The Group has made an irrevocable election to designate investment in equity securities, managed funds and investment in sukuks as FVOCI at initial recognition as per IFRS 9 and subsequent changes in fair value are presented in OCI.

Investments by geographic concentration are as follows:

	2019 AED'000	2018 AED'000
- Within U.A.E.	**821,208**	721,312
- Outside U.A.E.	**28,990**	31,302
	850,198	752,614

8.1 Managed funds include funds of AED 258 million (2018: AED 250.74 million) (Note 15) managed by a shareholder of the parent.

8.2 The investment in sukuk are perpetual instruments, callable at the option of the issuers and are measured at fair value through other comprehensive income. The sukuk carries profit rates ranging from 6.04 % to 6.75% per annum (2018: 6.04% to 6.75% per annum), which are payable at the discretion of the issuers.

9. Investment at amortised cost

	2019 AED'000	2018 AED'000
Investment in Sukuk	**175,489**	185,017

Investment in sukuk in the U.A.E matures in 3-8 years and carry a fixed profit rates ranging from 4.50% - 5.112% per annum (2018: 4.5% - 5.112%) per annum.

10. Investment deposits

	2019 AED'000	2018 AED'000
Current:		
Investment deposits maturing in less than 3 month	**186,730**	86,730
Investment deposits maturing up to 1 year but more than 3 months	**2,604,392**	2,378,418
	2,791,122	2,465,148
Non-current:		
Investment deposits maturing after 1 year	**257,311**	364,749
	3,048,433	2,829,897

10.1 Investment deposits are placed with financial institutions in the UAE, and carry profit rates ranging from 2.45% to 4.1% (2018: 3% to 4.1%) per annum.

10.2 Investment deposits of AED 136.73 million (2018: AED 136.73 million) have been pledged as collateral against unutilised bank overdraft facilities provided to the Group.

10.3 Dividends received from and payable on behalf of companies listed on DFM for the investors in DFM myAccount and iVESTOR card balances as at 31 December 2019 aggregates to AED 1,112 million (2018: AED 1,033 million) out of which AED 1,000 million (2018: AED 900 million) have been invested in short term deposits by the Company, AED 40 million have been invested in investment at amortised cost (note 9) (2018: AED 45 million) and AED 72 million in the bank's mudarabah and current accounts (2018: AED 88 million).

10.4 Dividend declared and payable by Group to Parent Company amounting to AED 467 million (31 December 2018: AED 487 million) has been invested in investment deposits by the Company.

11. Prepaid expenses and other receivables

	2019 AED'000	2018 AED'000
Accrued income on investment deposits	**57,095**	48,586
Central counterparty balances (Note 11.1)	**14,497**	6,818
Prepaid expenses	**5,941**	8,480
Accrued trading commission fees	**1,644**	901
Other receivables	**2,561**	7,488
Due from brokers	**703**	1,617
VAT receivable on capital expenditure	**1,507**	503
	83,948	74,393
Less: allowance for doubtful debts	**(93)**	(67)
	83,855	74,326

Net movement in allowance for doubtful debts:

	2019 AED'000	2018 AED'000
Opening balance	**67**	317
Provision / (reversal) for the year	**26**	(250)
Closing balance	**93**	67

11.1 These balances relate to Nasdaq Dubai Limited which acts as a central counterparty for all the trades which are usually settled on a T+2 basis.

12. Cash and cash equivalents

	2019 AED'000	2018 AED'000
Cash on hand	**189**	193
Bank balances:		
Current accounts	**72,575**	38,955
Savings accounts (Note 12.1)	**18,559**	-
Mudarabah accounts (Note 12.2)	**42,688**	118,902
	134,011	158,050
Add : Investment deposits with original maturities not exceeding three months	**75,090**	122,893
Cash and cash equivalents	**209,101**	280,943

12.1 The rate of return on savings accounts is 1.50% to 1.60% per annum.

12.2 The rate of return on mudarabah account is 0.45% to 0.67% per annum (2018: 0.25% to 0.66% per annum).

12.3 Dividends received from and payable on behalf of companies listed on DFM for the investors in DFM myAccount and iVESTOR Card balances aggregates to AED 1,112 million as at 31 December 2019 (2018: AED 1,033 million) out of which AED 72 million (2018: AED 88 million) have been kept in mudarabah and current accounts (Note 18.1).

13. Share capital

	2019 AED'000	2018 AED'000
Authorised, issued and paid up share capital: 8,000,000,000 shares (2018: 8,000,000,000 shares) of AED 1 each (2018: AED 1 each)	**8,000,000**	8,000,000

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

14. Reserves

Statutory reserve

In accordance with the UAE Federal Law No. 2 of 2015 (Companies Law), 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.

	Statutory reserve AED'000
Balance as of 31 December 2017	**429,664**
Transfer from net profit for the year 2018	**12,547**
Balance as of 31 December 2018	**442,211**
Transfer from net profit for the year 2019	**12,061**
Balance as of 31 December 2019	**454,272**

Investments revaluation reserve - FVOCI

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

15. 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 comprise companies under common ownership or management, key management, businesses controlled by shareholders and directors as well as businesses over which they exercise significant influence. Key management personnel include the heads of various divisions. During the year, the Group entered into transactions with related parties in the ordinary course of business. These transactions were carried out at market rates. The transactions with related parties and balances arising from these transactions are as follows:

Transactions during the year	2019 AED'000	2018 AED'000
Fellow subsidiaries and associates of Investment Corporation of Dubai		
Investment income	**54,749**	51,822
Interest expense	**1,268**	1,213
Other fees	**159**	719
Dividend income	**8,754**	8,441
Rent and other fees	**9,034**	9,783
Interest on lease	**2,042**	-

Compensation of key management personnel
The remuneration of directors and other members of key management during the year were as follows:

Salaries and short-term benefits	**8,700**	9,201
General pension and social security	**960**	940
Board of Directors		
- Remuneration to the Nasdaq Dubai Board	**1,206**	1,591
- Meeting allowance for the Group	**809**	984
- DFM board remuneration	**2,100**	2,100
Balances		
Other related parties		
Managed funds managed by a shareholder of the Parent (Note 8)	**258,008**	250,737
Other financial assets measured at FVOCI (Note 8)	**342,004**	326,802
Investment at amortised cost	**125,695**	135,222
Cash and bank balances	**103,356**	141,715
Investment deposits (Note 10)	**1,065,140**	1,214,810

Investment deposits include AED 100 million (31 December 2018: AED 100 million) placed as collateral with related parties.

	2019 AED'000	2018 AED'000
Due to Related Parties		
Dubai World Trade Centre – Lease Liability	**30,252**	-
Parent		
Expenses paid on behalf of the Group	**5,966**	10,143
Subordinated loan	**29,098**	27,829
Dividends payable	**466,500**	486,500

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

The parent has agreed not to call for the subordinated loan from its subsidiary for at least 1 year from the date of signing the financial statements for the year ended 31 December 2019.

The Group has not provided any loans to its directors during the year ended 31 December 2019 and 2018.

The Group obtains approval from the shareholders every year with regards to the transactions with the related parties in order to comply with the provisions of the UAE Federal Law No. 2 of 2015 (Companies Law).

The Group has applied partial exemption allowed under IAS 24 to Government owned entities and has disclosed the nature and amount of each individually significant transaction and for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. The ultimate parent and controlling party is the Government of Dubai which owns 72.37% (2018: 71.44%) of Dubai Financial Market P.J.S.C. through Investment Corporation of Dubai, a Government of Dubai entity. The Group in the usual course of operating Dubai stock exchange incur expenses and receives fees based on the standard terms applicable in the market from Government related entities. In addition the Group carries out investment activities with Government related entities on its own behalf.

16. Leases

A. Leases as lessee (IFRS 16)

The Group leases office premises. The leases typically run for a period of 3-5 years, with an option to renew the lease after that date. Lease payments are renegotiated every 3-5 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The property leases were entered into many years ago as combined leases and renewed on a yearly basis. Previously, these leases were classified as operating leases under IAS 17.

Information about leases for which the Group is a lessee is presented below

(i) Right-of-use assets

Right-of-use assets related to leased properties are presented in property and equipment.

	Offices at 31 December 2019 AED'000
2019	
Balance at 1 January 2019	**33,335**
Additions	**13,669**
Depreciation charge for the year	**(9,719)**
Balance at 31 December	**37,285**

(ii) Lease liability

	As at 31 December 2019 AED'000
Non-current lease liability	**26,656**
Current lease liability	**11,094**
Balance at 31 December	**37,750**

(iii) Amounts recognised in consolidated statement of income

	For the year ended 31 December 2019 AED'000
2019 – Leases under IFRS 16	
Interest on lease liabilities	**2,276**
2018 – Operating leases under IAS 17	
Lease expense	**10,579**

(iv) Amounts recognised in consolidated statement of cash flows

	For the year ended 31 December 2019 AED'000
Total cash outflow for leases	**11,530**

17. Provision for employees' end of service benefits

	2019 AED'000	2018 AED'000
Balance at the beginning of the year	**21,388**	18,913
Charged during the year	**2,512**	2,509
Paid during the year	**(700)**	(34)
Balance at the end of the year	**23,200**	21,388

18. Payables and accrued expenses

	2019 AED'000	2018 AED'000
Dividends payable on behalf of companies listed on the DFM ("myAccount") (Note 18.1)	**811,326**	708,914
iVESTOR cards (Note 18.1)	**300,627**	323,825

Members' margin deposits	**20,206**	23,534
Non sharia compliant income	**24,801**	-
Brokers' retention	**24,304**	24,641
Accrued expenses and other payables	**20,422**	18,558
Central counterparty balances (Note 11.1)	**14,497**	6,818
Due to U.A.E. Securities and Commodities Authority	**4,672**	4,876
Unearned revenue	**3,746**	852
Zakat	**977**	943
Lease liabilities (Note 16)	**11,094**	-
VAT Payable	**1,453**	493
	1,238,125	1,113,454

18.1 Dividends received from and payable on behalf of companies listed on DFM for the investors in DFM myAccount and iVESTOR card balances as at 31 December 2019 aggregates to AED 1,112 million (2018: AED 1,033 million) out of which AED 1,000 million (2018: AED 900 million) have been invested in short term deposits, AED 40 million have been invested in investment at amortised cost (2018: AED 45 million) and AED 72 million in the bank's mudarabah and current accounts (2018: AED 88 million).

19. Dividends payable

The Company has not declared any dividends for 2018 but has appropriated non-sharia compliant income of AED 24.8 million for 2018. Dividends declared for 2017 were AED 399.8 million representing AED 0.05 per share, including non-sharia compliant income of AED 36 million. The payable balance include AED 467 million (2018: AED 487 million) payable to the parent company (Note 15).

20. Investment income

	2019 AED'000	2018 AED'000
Return on investment deposits	**127,348**	110,053
Dividends	12,885	19,728
	140,233	129,781

21. General and administrative expenses

	2019 AED'000	2018 AED'000
Payroll and other benefits	**88,671**	91,737
Depreciation (Note 21.1)	**21,604**	11,943
Maintenance expenses	**10,531**	10,750
Rent (Note 21.1)	**-**	10,579
Telecommunication expenses	**8,408**	9,267
Professional expenses	**2,988**	2,854
iVESTOR expenses	**2,609**	2,514
Other	**10,215**	11,535
	145,026	151,179

21.1 Rent expense has reduced to nil based on the initial application of IFRS 16 from 1 January 2019. Consequently the Group has recognized lease liability, right-of-use assets, interest on lease liability and depreciation expense on right of use assets (Note 16).

22. Earnings per share

	2019	2018
Net profit for the year attributable to the owners of the Company (AED'000)	**120,609**	125,466
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	**0.015**	0.016

23. Commitments

	2019 AED'000	2018 AED'000
Commitments for the purchase of property and equipment	**36,205**	29,235

In 2010, the Company entered into an agreement with Borse Dubai Limited to acquire the remaining

33% (2018: 33%) shareholding of Nasdaq Dubai Limited against a consideration of AED 148 million (2018: AED 148 million). The exercise and completion of this acquisition is contingent upon the mutual agreement of the Company and Borse Dubai Limited and on a date to be mutually agreed between the Company and Borse Dubai Limited.

24. Non-Shari'a compliant income

Non-Sharia compliant income as approved by the Company's Sharia and Fatwa Supervisory Board, has been appropriated from retained earnings for distribution 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.

Year	AED'000
2016	28,281
2017	35,999
2018	**24,801**

Non-Sharia compliant income of AED 24.8 million relating to 2018 (2018: AED 35.9 million relating to 2017) has been appropriated after approval by the Company's Sharia and Fatwa Supervisory Board.

25. Financial risk management objectives

25.1 Financial risk factors

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance. The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks. The Group regularly reviews its risk management policies to reflect changes in markets, products and emerging best practice.

The Group's finance department monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, price risk and profit rate risk), credit risk and liquidity risk.

25.2 Market risk

(a) Foreign exchange risk

The Group's activities are not exposed to the financial risks of changes in foreign currency exchange rates because substantially all the financial assets and liabilities are denominated in United Arab Emirates Dirhams (AED) or US Dollars to which the AED is pegged.

(b) Price risk

The Group is exposed to equity price risks arising from equity investments. The Group does not actively trade in these investments. The Group as at 31 December 2019 has equity investment portfolio measured at FVOCI amounting to AED 850 million (2018: AED 753 million).

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower:

- Investment revaluation reserve would increase/ decrease by AED 43 million (2018: AED 37 million) as a result of the changes in fair value of the investments.

(c) Profit rate risk

Profit rate risk is the risk that the value of the future cash flows for the financial instruments will fluctuate due to changes in market profit rates. The principal risk to which financial assets and liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. The Group's long term financial assets and liabilities are priced generally on a floating rate basis, which tracks the changes in market interest rates.

Financial assets which potentially subject the Group to profit rate risk consist principally of investment deposits, balances with banks and other financial institutions, Sukuks measured at amortized cost and Sukuk measured at FVTOCI. A shift of +/- 50bps in the yield curve would result in increase/ decrease in investment income and equity by AED 17.5 million (2018: AED 16.7 million).

25.3 Credit risk

The Group is exposed to credit risk, which is the risk that the counterparty will cause a financial loss to the Group by failing to discharge an obligation. Financial assets which potentially subject the Group to credit risk consist principally of investment deposits, investment at amortised cost, balances with banks and other financial institutions and other receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with licensed brokers and receivables from brokers are secured by bank guarantees. The credit exposures are controlled by counterparty limits that are reviewed and approved by the management.

The credit risk on balances with banks is limited because most of the banks have high credit-ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk for the components of the consolidated statement of financial position is as follows:

	2019 AED'000	2018 AED'000
Financial assets		
Investment deposits (Note 10)	**3,048,433**	2,829,897
Investment at amortised cost (Note 9)	**175,489**	185,017
Investment in sukuk (Note 8)	**307,121**	201,747
Cash and cash equivalents (Note 12)	**208,912**	280,750
Other receivables (Note 11)	**76,407**	65,343
Total financial assets	**3,816,362**	3,562,754

The Group has made a provision of AED 93 thousand (2018: AED 67 thousand) against its doubtful receivables as at 31 December 2019. The remaining receivables were neither past due nor impaired at the consolidated statement of financial position date.

The rating of the banks as per Moody's and Fitch and the respective balances are:

	2019 AED'000	2018 AED'000
Bank Rating		
P1	**1,219,982**	1,816,510
P2	**1,580,049**	925,001
Unrated	**200,003**	104,387
Total	**3,000,034**	2,845,898

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Debt securities at amortised cost

The Group limits its exposure to credit risk by investing only in debt securities issued by reputed UAE financial institutions, government owned entities and other UAE based entities which are unrated. For rated entities, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings by supplementing it with the with available press and regulatory information about issuers. For unrated entities the Group evaluates the financial performance of the issuers periodically to monitor changes in credit risk and further supplements with available press and regulatory information about issuers. 12-month and lifetime probabilities of default are based on historical data supplied by Moody's and Fitch ratings. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 27% for reputed UAE financial institutions and 40% for other entities except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The following table presents an analysis of the credit quality of debt securities classified as investment at amortised cost and long term investment deposits with counterparties other than banks. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

The Group did not have any debt securities that were past due but not impaired at 31 December 2019 and as at 31 December 2018.

The Group has no collateral in respect of these investments.

Credit rating	12-month ECL	At amortised cost 31 December 2019 Lifetime ECL – not credit-impaired	Lifetime ECL - credit-impaired
In thousands of AED Gross carrying amounts (amortised cost before impairment)	125,694	271,950	281,970
Impairment	-	-	(246,312)
Loss allowance	-	(447)	(57)
Amortised cost	125,694	271,503	35,601
Carrying amount	125,694	271,503	35,601

Credit rating	12-month ECL	At amortised cost 31 December 2018 Lifetime ECL – not credit-impaired	Lifetime ECL - credit-impaired
In thousands of AED Gross carrying amounts (amortised cost before impairment)	135,221	276,549	279,129
Impairment	-	-	(240,630)
Loss allowance	-	(442)	(62)
Amortised cost	135,221	276,107	38,437
Carrying amount	135,221	276,107	38,437

	Within 3 months AED'000	3 to 6 months AED'000	6 to 12 months AED'000	1 to 5 Years AED'000	Over 5 years AED'000	Total AED'000
31 December 2018						
Financial liabilities						
Payables and accrued expenses	1,112,109	-	-	-	-	1,112,109
Subordinated loan	-	-	-	27,829	-	27,829
Due to a related party	-	-	10,143	-	-	10,143
Dividends payable to Parent	-	486,500	-	-	-	486,500
Total financial liabilities	**1,112,109**	**486,500**	**10,143**	**27,829**	**-**	**1,244,577**
31 December 2019						
Financial liabilities						
Payables and accrued expenses	**1,232,926**	**-**	**-**	**-**	**-**	**1,232,926**
Subordinated loan	**-**	**-**	**-**	**29,098**	**-**	**29,098**
Due to a related party	**-**	**-**	**5,966**	**-**	**-**	**5,966**
Dividend payable to Parent	**-**	**466,500**	**-**	**-**	**-**	**466,500**
Total financial liabilities	**1,232,926**	**466,500**	**5,966**	**29,098**	**-**	**1,734,490**

Cash and cash equivalents

The Group held cash and cash equivalents of AED 209 million as at 31 December 2019 (2018: AED 281 million), original deposits with original maturities not exceeding three months of AED 75 million (2018: AED 122 million) which are rated P1 or P2, based on Moody's and Fitch ratings or are unrated.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and therefore no ECL has been recognised.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.The amount of impairment allowance at 31 December 2019 for long term investment deposit and investment and amortized cost is AED 504 thousand (2018: AED 504 thousand).

25.4 Liquidity risk

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the remaining contractual maturities at the date of the consolidated statement of financial position.

The liquidity profile of financial liabilities were as follows:

	31 December 2019			
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value through other comprehensive income				
- Equities	261,379	5,963	-	267,342
- Managed funds	-	275,735	-	275,735
- Investments in Sukuk	307,121	-	-	307,121
Total	**568,500**	**281,698**	**-**	**850,198**

	31 December 2018			
	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	**259,566**	**-**	**22,940**	**282,506**
- Managed funds	**-**	**268,361**	**-**	**268,361**
- Investments in Sukuk	**201,747**	**-**	**-**	**201,747**
Total	**461,313**	**268,361**	**22,940**	**752,614**

25.5 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The Group's financial assets and financial liabilities comprise of cash and bank balances, investment at amortized cost, financials assets recognized at fair value though other comprehensive income, investment deposits, subordinated loan, dividend payable, 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, after taking into account impairment, stated in the consolidated 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 of quoted equity investments classified as fair value through other comprehensive income.

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 inputs 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 private 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:

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

There were no changes in valuation techniques during the year. The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2018 and 2019.

There are no transfers between Level 1 and Level 2 during the year ended 31 December 2019.

The Group has not purchased shares during the year ended 31 December 2019 (2018: AED 33.3 million).

Reconciliation of Level 3 fair value measurements of financial assets

	Measured at FVOCI Unquoted equities	
	2019 AED'000	2018 AED'000
Opening balance	**22,940**	43,587
Transfer from level 3 to level 2	**(5,963)**	-
Disposal during the year	**-**	(1,714)
Fair value changes	**(16,977)**	(18,933)
Closing balance	**-**	22,940

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

The following table summarises the amortised cost and fair value of the sukuk at 31 December 2019, all of which are classified as level 2 in fair value hierarchy:

	Carrying Amount AED'000	Fair value AED'000
Investment at amortised cost		
Investment in sukuk	**175,489**	**177,563**

The following table summarises the amortised cost and fair value of the Sukuk at 31 December 2018:

	Carrying Amount AED'000	Fair value AED'000
Investment at amortised cost		
Investment in sukuk	**185,017**	**174,963**

26. Financial assets and liabilities

	2019 AED'000	2018 AED'000
Financial assets by category		
Assets as per consolidated statement of financial position		
Financial assets measured at fair value through other comprehensive income (FVOCI)	**850,198**	752,614
Amortised cost		
Cash and cash equivalents (Note 12)	**209,101**	280,943
Investment deposits (Note 10)	**3,048,433**	2,829,897
Investment at amortised cost (Note 9)	**175,489**	185,017
Other receivables (Note 11)	**76,407**	65,343
	3,509,430	3,361,200

	2019 AED'000	2018 AED'000
Financial liabilities by category		
Liabilities as per consolidated statement of financial position		
Other financial liabilities at amortised cost		
Payables and accrued expenses	**1,232,926**	1,112,109
Subordinated loan	**29,098**	27,829
Due to a related party	**5,966**	10,143
Dividend payable	**466,500**	486,500
	1,734,490	1,636,581

27. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

28. Segment reporting

Following the management approach to IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance. The Group is managed as one unit and therefore the Board of Directors are of the opinion that the Group is engaged in a single segment of operating stock exchanges and related clearing house.

29. Social contributions

The Group has made no material monetary social contributions during the year. The details of the non-monetary social contributions are presented in the Corporate Governance reports of the individual entities receiving the contribution.

30. Comparative figures

Certain comparatives have been reclassified/ regrouped to conform to the presentation adopted in the financial statements.

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