

Dubai Financial Market P.J.S.C (DFM)

**Consolidated financial statements
for the year ended 31 December 2016**

Dubai Financial Market P.J.S.C (DFM)

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*Independent auditor's report to the shareholders of
Dubai Financial Market P.J.S.C. (DFM)*

Report on the audit of the consolidated financial statements

Our opinion

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

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2016;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.



*Independent auditor's report to the shareholders of Dubai Financial Market P.J.S.C.
(DFM) (continued)*

Our audit approach

Overview

Key Audit Matters

- Impairment of goodwill and other intangible assets
 - Valuation and accounting treatment of gifted land
 - Impairment of financial assets – Investment deposits
-

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of fraud in revenue recognition and the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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.



Independent auditor's report to the shareholders of Dubai Financial Market P.J.S.C. (DFM) (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<i>Impairment of goodwill and other intangible assets</i> <p>We considered goodwill and other intangible assets of AED 2,878 million to be a key audit matter because of their significance and the judgement involved in testing such items for impairment. In accordance with International Accounting Standard (IAS) 36, goodwill is required to be tested annually for impairment. If impairment indicators are identified, their carrying amounts are reduced to their estimated recoverable amounts which is defined under IAS 36 as the higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. For other intangible assets, at the end of each reporting period, an entity is required to assess whether there is any indication that an asset may be impaired or if there is a change in the estimated useful life. The Company has carried out its own impairment assessment and, for assessing the impairment of goodwill, management considers the Company as one cash generating unit as defined under IAS 36.</p> <p>Refer to Note 4 to the financial statements for details.</p>	<p>Goodwill and other intangibles were tested by us for impairment at 31 December 2016, by comparing the net assets of DFM at that date to the fair value of DFM, based on its quoted market price at 31 December 2016. We also examined the underlying basis for the assumption made by management that DFM as an entity is a single cash generating unit.</p> <p>The fair value of DFM, based on its market capitalisation as at 31 December 2016 was AED 2.1 billion in excess of its net assets value as at that date.</p>
<i>Valuation and accounting treatment of the gifted land</i> <p>During the year, the Company received a plot of land, free of cost, from a privately owned entity. The gifted land was recorded at fair value as property and equipment and the resultant gain of AED 231.3 million has been recognised in the income statement for the year ended 31 December 2016. We considered this to be a key audit matter because there are a number of areas where management judgements impact the accounting for and the carrying value of this property including:</p> <ol style="list-style-type: none">1. The decision on whether the gifted land was received from a shareholder or a related party;2. Technical accounting considerations surrounding the classification and initial recognition of the land;3. Valuation of the gifted land <p>Refer Note 23 to the financial statements for details.</p>	<p>In order to determine the appropriateness of the accounting treatment adopted by the Company, we performed the following procedures:-</p> <ul style="list-style-type: none">• We reviewed the ownership structure of the entity from which the land was received to check management's conclusion that the entity was not a related party or a Dubai government entity.• We reviewed the signed agreement for transfer of land to check the general clauses on the type of building that DFM would need to construct as well as design approval needed to be approved for it to be congruent with the overall area.• We involved our technical accounting specialists in assessing the classification and initial recognition of the gifted land.• We examined the title deed of the land to establish the date on which the land was recognised in DFM's accounting records.• We reviewed the independent valuation from the Dubai Land Department which confirmed the value at which the gift was recognised by DFM in its accounting records.



Independent auditor's report to the shareholders of Dubai Financial Market P.J.S.C. (DFM) (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
<p><i>Impairment of financial assets – Investment Deposit</i></p> <p>We considered investment deposit as a key audit matter due to the materiality of the investment deposit balances and because impairment allowances represent management's best estimate of the losses on financial assets incurred at the balance sheet date. Judgement is required to determine when an impairment event has occurred and then to estimate the expected future cash flows related to that financial asset and to discount the expected future cash flows to determine their net present value for comparison with the carrying value.</p> <p>Management identified an investment deposit of AED 271 million as being potentially impaired and accordingly assessed the latest financial information provided by the borrower, including an analysis of various scenarios regarding the counterparty's asset realisation program.</p> <p>Based on the results of this assessment, management recorded an impairment provision of AED 226 million against the investment deposit during the year ended 31 December 2016.</p> <p>Refer to Note 7 to the financial statements for details.</p>	<p>We reviewed the latest information on the asset realisation program provided by the borrower to its lenders and assessed the reasonableness of the underlying assumptions, in particular, those relating to the cash flow projections of the borrower. We tested the impairment calculations performed by management in assessing the impairment provision.</p>

Other information

The directors are responsible for the other information. The other information comprises of the Chairman's statement and Company's Annual Report which is expected to be made available to us after the date of signing this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and 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 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 Director's Report and Company's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Independent auditor's report to the shareholders of Dubai Financial Market P.J.S.C. (DFM) (continued)

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 International Financial Reporting Standards 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.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.



Independent auditor's report to the shareholders of Dubai Financial Market P.J.S.C. (DFM) (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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



Independent auditor's report to the shareholders of Dubai Financial Market P.J.S.C (DFM) (continued)

Report on other legal and regulatory requirements

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

- i) we have obtained all the information 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 report of the Chairman statement is consistent with the books of account of the Group;
- v) as disclosed in note 21.5 to the consolidated financial statements, the Group has purchased shares during the financial year ended 31 December 2016;
- vi) note 15 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2016 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its financial position as at 31 December 2016; and
- viii) The Group has not made any monetary social contributions during the year ended 31 December 2016.

PricewaterhouseCoopers
6 February 2017

Mohamed ElBorno
Registered Auditor Number: 946
Dubai, United Arab Emirates

Dubai Financial Market P.J.S.C (DFM)

Consolidated statement of financial position as at 31 December 2016

	Notes	2016 AED'000	2015 AED'000
ASSETS			
Non-current assets			
Goodwill	4	2,878,874	2,878,874
Other intangible assets	4	2,259,565	2,321,932
Property and equipment	5	262,545	21,436
Other financial assets measured at fair value through other comprehensive income (FVTOCI)	6	836,648	702,149
Investment deposits	7	294,997	727,947
Total non-current assets		6,532,629	6,652,338
Current assets			
Prepaid expenses and other receivables	8	42,273	46,211
Investment deposits	7	1,905,148	1,574,962
Cash and cash equivalents	9	370,843	261,002
Total current assets		2,318,264	1,882,175
Total assets		8,850,893	8,534,513
EQUITY AND LIABILITIES			
Equity			
Share capital	10	8,000,000	8,000,000
Treasury shares		(4,364)	(4,364)
Investments revaluation reserve – FVTOCI	11	7,995,636	7,995,636
Statutory reserve	11	(738,272)	(780,437)
Retained earnings		406,377	381,027
		237,902	431,787
Equity attributable to owners of the company		7,901,643	8,028,013
Non-controlling interest		18,499	18,176
Net equity		7,920,142	8,046,189
Non-current liabilities			
Subordinated loan	15	25,456	24,343
Provision for employees' end of service indemnity	12	16,066	13,879
Total non-current liabilities		41,522	38,222
Current liabilities			
Payables and accrued expenses	13	522,546	408,398
Dividends payable	14	358,262	33,139
Due to related parties	15	8,421	8,565
Total current liabilities		889,229	450,102
Total liabilities		930,751	488,324
Total equity and liabilities		8,850,893	8,534,513

These consolidated financial statements were approved on 6 February 2017 by the Board of Directors and signed on its behalf by:

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Chairman

The notes on pages 13 to 44 form an integral part of these consolidated financial statements

Dubai Financial Market P.J.S.C (DFM)

Consolidated income statement for the year ended 31 December 2016

	Notes	2016 AED'000	2015 AED'000
Income			
Trading commission fees		294,648	335,162
Brokerage fees		20,612	19,440
Clearing, settlement and depositary fees		39,742	34,799
Listing and market data fees		9,056	9,267
Other fees		5,354	4,515
Operating income		369,412	403,183
Investment income	16	79,538	57,673
Other income		-	433
Fair value gain on gifted land	23	231,306	-
Total income		680,256	461,289
Expenses			
General and administrative expenses	17	(136,962)	(136,060)
Amortization of intangible assets	4	(62,367)	(62,363)
Interest expense	15	(1,113)	(1,061)
Operating expenses		(200,442)	(199,484)
Provision for impairment against investment deposit	7	(226,000)	-
Net profit for the year		253,814	261,805
Attributable to :			
Owners of the company		253,491	260,983
Non-controlling interest		323	822
		253,814	261,805
Basic/Diluted Earnings per share – AED	18	0.032	0.033

Dubai Financial Market P.J.S.C (DFM)

Consolidated statement of comprehensive income for the year ended 31 December 2016

	2016 AED'000	2015 AED'000
Net profit for the year	253,814	261,805
<i>Other comprehensive income</i>		
Items that will not be reclassified to profit or loss		
Fair value changes on financial assets measured at fair value through other comprehensive income (FVTOCI)	19,945	(85,693)
Total comprehensive income for the year	273,759	176,112
Attributable to:		
Owners of the Company	273,436	175,290
Non-controlling interest	323	822
Total comprehensive income for the year	273,759	176,112

Dubai Financial Market P.J.S.C (DFM)

Consolidated statement of changes in equity for the year ended 31 December 2016

	Share capital AED'000	Treasury shares AED'000	Investments revaluation FVTOCI 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 2015	8,000,000	(4,364)	(693,199)	354,929	755,917	8,413,283	17,354	8,430,637
Net profit for the year	-	-	-	-	260,983	260,983	822	261,805
Fair value changes on financial assets measured at fair value through other comprehensive income (FVTOCI)	-	-	(85,693)	-	-	(85,693)	-	(85,693)
Total comprehensive income for the year	-	-	(85,693)	-	260,983	175,290	822	176,112
Appropriation of non-sharia compliant income (Note 20)	-	-	-	-	(29,646)	(29,646)	-	(29,646)
Dividends declared, net of appropriation of non-sharia compliant income (Note 10)	-	-	-	-	(530,058)	(530,058)	-	(530,058)
Transfer to statutory reserve (Note 11)	-	-	-	26,098	(26,098)	-	-	-
Realised gain on disposal of investment	-	-	(1,545)	-	1,545	-	-	-
Zakat	-	-	-	-	(856)	(856)	-	(856)
As at 31 December 2015	8,000,000	(4,364)	(780,437)	381,027	431,787	8,028,013	18,176	8,046,189
As at 1 January 2016	8,000,000	(4,364)	(780,437)	381,027	431,787	8,028,013	18,176	8,046,189
Net profit for the year	-	-	-	-	253,491	253,491	323	253,814
Fair value changes on financial assets measured at fair value through other comprehensive income (FVTOCI)	-	-	19,945	-	-	19,945	-	19,945
Total comprehensive income for the year	-	-	19,945	-	253,491	273,436	323	273,759
Appropriation of non-sharia compliant income (Note 20)	-	-	-	-	(15,648)	(15,648)	-	(15,648)
Dividends declared, net of appropriation of non-sharia compliant income (Note 10)	-	-	-	-	(384,140)	(384,140)	-	(384,140)
Transfer to statutory reserve (Note 11)	-	-	-	25,350	(25,350)	-	-	-
Realised loss on disposal of investments	-	-	22,220	-	(22,220)	-	-	-
Zakat	-	-	-	-	(18)	(18)	-	(18)
As at 31 December 2016	8,000,000	(4,364)	(738,272)	406,377	237,902	7,901,643	18,499	7,920,142

The notes on pages 13 to 44 form an integral part of these consolidated financial statements.

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Dubai Financial Market P.J.S.C (DFM)

Consolidated statement of cash flows for the year ended 31 December 2016

	Notes	2016 AED'000	2015 AED'000
Cash flows from operating activities			
Net profit for the year		253,814	261,805
Adjustments for:			
Depreciation of property and equipment	5	8,156	5,848
Provision for employees' end of service indemnity	12	2,530	2,278
Fair value gain on gifted land	23	(231,306)	-
Provision for impairment	7	226,000	-
Amortization of intangible assets	4	62,367	62,363
Interest expense	15	1,113	1,061
Income on investment deposits	16	(68,460)	(46,828)
Dividend income	16	(11,078)	(10,845)
Operating cash flow before changes in operating assets and liabilities		243,136	275,682
Increase / (decrease) in prepaid expenses and other receivables		16,401	(14,583)
(Increase) / Decrease in due to a related party	15	(144)	3,083
Increase/(decrease) in payables and accrued expenses		114,129	(93,942)
Cash generated from operations		373,522	170,240
Employees' end of service indemnity paid	12	(343)	(405)
Net cash generated from operating activities		373,179	169,835
Cash flows from investing activities			
Proceeds from sale and redemption of investments		4,768	31,699
Purchase of investments		(119,235)	(101,468)
Purchase of property and equipment	5	(17,992)	(12,015)
Net investment deposits (excluding cash and cash equivalents & non cash transactions)	7	(121,212)	(10,352)
Investment deposit income received		53,919	41,022
Dividend received	16	11,078	10,845
Net cash used in investing activities		(188,674)	(40,269)
Cash flows from financing activities			
Dividends paid to shareholders	10	(59,016)	(526,176)
Distribution of non-Sharia compliant income to shareholders	10,20	(15,648)	(29,646)
Net cash used in financing activities		(74,664)	(555,822)
Net increase / (decrease) in cash and cash equivalents		109,841	(426,256)
Cash and cash equivalents at the beginning of the year		261,002	687,258
Cash and cash equivalents at the end of the year	9	370,843	261,002

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016

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 Companies Law came into effect on 1 July 2015. The Group is currently complying with the applicable provisions of the Companies Law. It has twenty four months from the effective date of the Companies Law to fully comply with the Companies Law under the transitional provisions set out therein.

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 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:

<u>Company name</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Ownership held</u>
Nasdaq Dubai Limited*	Electronic Financial Market	U.A.E.	67%
Nasdaq Dubai Limited has the following subsidiary:			
<u>Company name</u>	<u>Activity</u>	<u>Country of incorporation</u>	<u>Ownership held</u>
Nasdaq Dubai Guardian Limited	Bare nominee solely on behalf of Nasdaq Dubai Limited	U.A.E.	100%

* The remaining 33 % is held by Borse Dubai Limited (see note 19).

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations. These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of other financial assets measured at fair value through other comprehensive income (FVTOCI) following early adoption of classification and measurement version of IFRS 9 in 2009.

The preparation of these consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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.

2.2 New and revised IFRSs effective for accounting periods beginning 1 January 2016

(a) New and amended standards adopted by the Group

Standards and amendments to published standards effective for the Group's accounting period beginning on 1 January 2016

The following applicable amendments to existing standards have been published and were effective for the Group's accounting periods beginning on 1 January 2016.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortization (Effective date 1 January 2016)

This amendment clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption may only be rebutted in certain limited circumstances.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.2 New and revised IFRSs effective for accounting periods beginning 1 January 2016 (continued)

(a) New and amended standards adopted by the Group (continued)

Standards and amendments to published standards effective for the Group's accounting period beginning on 1 January 2016 (continued)

Amendments to IAS 1, 'Presentation of financial statements' (Effective date 1 January 2016)

The amendments clarify that it may be necessary to disaggregate some of the line items specified in IAS 1 paragraphs 54 (statement of financial position) and 82 (profit or loss). That disaggregation is required where it is relevant to an understanding of the entity's financial position or performance.

The above amendments to existing standards do not have any significant impact on the Group's consolidated financial statements for the year ended 31 December 2016.

Annual improvements 2014 (Effective date period beginning on or after 1 July 2016)

These annual improvements amend standards from the 2012 - 2014 reporting cycle. They include changes to:

- IFRS 7, 'Financial instruments: Disclosures' – The amendment related to servicing contracts requires that if an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognize the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets.
- IAS 19, 'Employee benefits' – The amendment clarifies, when determining the discount rate for post-employment benefit obligations, that it is the currency that the liabilities are denominated in that is important, not the country where they arise.
- IAS 34, 'Interim financial reporting', regarding information disclosed elsewhere in the interim financial report. The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (Effective date Annual periods beginning on or after 1 January 2016)

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2 Summary of significant accounting policies (continued)

2.2 New and revised IFRSs effective for accounting periods beginning 1 January 2016 (continued)

(b) New and amended standards not early adopted by the Group (continued)

Standards, amendments and interpretations issued but not yet effective for the Group's
accounting period beginning on 1 January 2016 and not early adopted (continued)

IFRS 15, 'Revenue from contracts with customers' (Effective date 1 January 2018)

This standard replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and related interpretations. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use of and obtain the benefits from the good or service. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

IFRS 9 'Financial Instruments' (Effective date 1 January 2018)

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses

Model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value, through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Earlier application is permitted. If an entity elects to early apply it must apply all of the requirements at the same time with the following exception: Entities with a date of initial application before 1 February 2015 continue to have the option to apply the standard in phases. The Group has early adopted the November 2009 classification and measurement version of IFRS 9. Since this adoption was before 1 February 2015, the Group is not required to early adopt the phases pertaining to impairment and hedging issued in July 2014. Accordingly, the Group continues to apply the impairment provisions of IAS 39.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2 Summary of significant accounting policies

2.2 New and revised IFRSs effective for accounting periods beginning 1 January 2016 (continued)

(b) New and amended standards not early adopted by the Group (continued)

Standards, amendments and interpretations issued but not yet effective for the Group's
accounting period beginning on 1 January 2016 and not early adopted (continued)

IFRS 16 'Leases' (Effective date 01 January 2019)

This standard replaces IAS 17 "Leases", IFRIC 4 "Determining whether arrangement contains a lease", Standard Interpretations Committee ("SIC") 15 "Operating leases – Incentives" and SIC 27 "Evaluating substance of transactions involving legal form of a lease". The standard specifies recognition, measurement, presentation and disclosure related to leases. The core principle of IFRS 16 is to provide a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard was issued in January 2016 and effective for accounting periods beginning on or after 1 January 2019.

Other than the classification and measurement version of IFRS 9, which has been early adopted, management has assessed the impact of the above new standards and amendments to existing standards and has concluded that there is no significant impact expected from the amendments on the Group's consolidated financial statements. There are no other IFRSs of IFRIC interpretations that are not yet effective that would be expected to have a material impact on the consolidated financial statements of the Group.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.3 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 existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that 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.

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 income statement.

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 income statement.

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.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.4 Intangible assets

Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation and impairment. Intangible assets are amortised over their estimated useful lives, using the straight-line method as follows:

License to operate as a Stock Exchange	50 years
Relationship with market participants (Brokers)	10 years

The amortisation period and method are reviewed and adjusted, as appropriate, at each consolidated statement of financial position date.

2.5 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.

2.6 Property, equipment and freehold land

Property and equipment are carried 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 costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, 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. All other repairs and maintenance costs are charged to the consolidated income statement when incurred.

Free hold land gifted to the Group is initially recognised at its fair value and the fair value gain on initial recognition is recognised in the income statement. Subsequent to the initial recognition the land is carried at historical cost less accumulated impairment and is not depreciated. The carrying amount of the land is its initial fair value together with any incidental costs. 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.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended

31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.6 Property, equipment and freehold land (continued)

Depreciation is calculated using the straight-line method to allocate the assets' cost to their residual values over their estimated useful lives as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

The gain or loss arising on the disposal of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the consolidated income statement.

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

2.7 Due from financial institutions and investment deposits

Amounts due from financial institutions and investment deposits are initially recognized 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.

2.8 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value and the difference between the fair value and the consideration given or received is recognised in the income statement. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated income statement.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment (except for debt instruments that are designated as at fair value through profit or loss on initial recognition to eliminate an accounting mismatch):

- the asset is held within a business model whose objective is to hold assets in order 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.

Debt instruments that do not meet the amortised cost criteria are measured at fair value through profit or loss (FVTPL). In addition, debt instruments that meet the amortised cost criteria but are designated as at FVTPL are measured at fair value through income statement. A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Debt instruments are reclassified from amortised cost to FVTPL when the business model is changed such that the amortised cost criteria are no longer met.

All other financial assets are subsequently measured at fair value.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income and expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

Financial assets at fair value through other comprehensive income (FVTOCI)

On initial recognition, equity instruments are recorded at fair value through profit or loss (FVTPL) however the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated or effective as a hedging instrument, or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve.

The cumulative gain or loss is not reclassified to consolidated income statement on disposal of the investments.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Dividends on these investments in equity instruments are recognised in the consolidated income statement when the Group's right to receive the dividends is established. Dividends earned are recognised in the consolidated income statement and are included in the 'investment income' (Note 16).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.9 Financial assets (continued)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the fair value of the consideration received and receivable is recognised in the consolidated income statement.

On derecognition of a financial asset that is classified as FVTOCI, the cumulative gain or loss previously accumulated in the investments valuation reserve is reclassified to retained earnings.

Impairment of financial assets

Financial assets that are measured at amortised cost are assessed for impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that the estimated future cash flows of the asset have been affected as a result of one or more events that occurred after the initial recognition of the financial assets.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows reflecting the amount of collateral and guarantee, discounted at the financial asset's original effective interest rate.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.10 Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the fair value of the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated income statement.

2.11 Cash and cash equivalents

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 bank deposits with an original maturity of less than three months.

2.12 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the consolidated income statement.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.13 Employees' end of service indemnity and 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.

The 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 income statement.

The provision made by DFM for end of service benefits due to expatriate employees is in compliance with the UAE law for their periods of service up to the balance sheet date. In accordance with the provisions of IAS 19, to assess the present value of its obligations as at 31 December 2016 and 2015, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Law, the expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3.51% (2015: 4.16%). Under this method an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service. The assumed average annual salary growth is 3% (2015: 2%).

The provision made by Nasdaq Dubai Limited for the end of service benefits due to expatriate employees is in accordance with DIFC Law. Management uses the projected unit credit method to measure the employees' end of service benefits payable under the DIFC Employment Law.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

2. Summary of significant accounting policies (continued)

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.16 Revenue recognition

Trading commission fees are recognized when the underlying trade or transfer has been consummated.

Clearing, settlement & depositary fees are recognized when transfer & pledge shares and other CSD Services has been consummated and services provided.

Brokers' fees are recognised on a straight line basis over the period of the benefits utilization.

Listing and market data fees are recognized on a straight line basis over the period of the listing and benefits utilized.

Dividend income is recognised when the right to receive payment is established.

Return on Islamic investment deposits are recognised on a time proportion basis and is based on the expected minimum rate of return specified in the investment agreement.

2.17 Foreign currency transactions

For the purpose of these consolidated financial statements UAE Dirhams (AED) is the functional and the presentation currency of the Group.

(a) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in AED, which is the Group's presentation currency.

(b) Transactions and balances

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 income statement.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

3. Critical accounting estimates and judgments (continued)

Allowance for doubtful debts

At each reporting date, the management conducts a detailed review of receivable balances, an allowance for doubtful debts is established based on this review, management experience and prevailing economic conditions.

Provision for end of service benefits

At each reporting date a provision is made for the estimated liability in respect of employees' entitlements to leave passage and leave pay as a result of services rendered by the employees up to the reporting date.

4. Goodwill and Intangible assets

	Goodwill AED'000	License to operate as a Stock Exchange AED'000	Relationships with market participants (Brokers) AED'000	Total AED'000
Cost				
At 1 January 2015 and 2016	2,878,874	2,824,455	58,744	5,762,073
At 31 December 2015 and 2016	2,878,874	2,824,455	58,744	5,762,073
Amortization				
At 1 January 2016	-	508,401	52,866	561,267
Charge for the year	-	56,489	5,878	62,367
At 31 December 2016	-	564,890	58,744	623,634
At 1 January 2015	-	451,912	46,992	498,904
Charge for the year	-	56,489	5,874	62,363
At 31 December 2015	-	508,401	52,866	561,267
Carrying amount				
At 31 December 2016	2,878,874	2,259,565	-	5,138,439
At 31 December 2015	2,878,874	2,316,054	5,878	5,200,806

There was no evidence of impairment of the goodwill at 31 December 2016 on the basis that the fair value of the business, based on the Company's quoted market price at 31 December 2016 was in excess of its net assets at that date. DFM as an entity is considered a single cash generating unit for impairment testing purpose.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

5. Property and equipment

	Computers and information systems AED'000	Leasehold improvement AED'000	Furniture and office equipment AED'000	Motor vehicles AED'000	Capital work-in-progress AED'000	Land AED'000	Total AED'000
Cost							
At 31 December 2014	129,025	11,273	16,271	252	4,138	-	160,959
Additions	4,135	130	2,721	64	4,965	-	12,015
Disposals	(15,011)	-	(4,393)	-	-	-	(19,404)
Transfers	2,828	-	-	-	(2,828)	-	-
At 31 December 2015	120,977	11,403	14,599	316	6,275	-	153,570
Additions	7,606	936	2,199	-	7,251	231,306	249,298
Disposals	(11,041)	-	(745)	-	-	-	(11,786)
Transfers	4,021	2,257	611	-	(6,889)	-	-
At 31 December 2016	121,563	14,596	16,664	316	6,637	231,306	391,082
Accumulated depreciation							
At 31 December 2014	121,171	11,270	12,997	252	-	-	145,690
Charge for the year	4,252	9	1,572	15	-	-	5,848
Disposals	(15,011)	-	(4,393)	-	-	-	(19,404)
At 31 December 2015	110,412	11,279	10,176	267	-	-	132,134
Charge for the year	5,665	349	2,126	16	-	-	8,156
Disposals	(11,041)	-	(712)	-	-	-	(11,753)
At 31 December 2016	105,036	11,628	11,590	283	-	-	128,537
Carrying amount							
At 31 December 2016	16,527	2,968	5,074	33	6,637	231,306	262,545
At 31 December 2015	10,565	124	4,423	49	6,275	-	21,436
							(29)

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

6. Other financial assets measured at fair value through other comprehensive income (FVTOCI)

	2016 AED'000	2015 AED'000
Investment in equity securities	364,967	323,164
Managed funds – Note (a)	267,001	277,120
Investment in sukuk– Note (b)	204,680	101,865
	<u>836,648</u>	<u>702,149</u>

Investments by geographic concentration are as follows:

	2016 AED'000	2015 AED'000
- Within U.A.E.	796,608	659,505
- Outside U.A.E.	40,040	42,644
	<u>836,648</u>	<u>702,149</u>

- (a) Managed funds include funds of AED 233.86 million (2015: AED 240.39 million) (Note 15) managed by a shareholder of the parent.
- (b) The investment in sukuk is a perpetual instrument, callable at the option of the issuer and measured at fair value through other comprehensive income. The sukuk carries a profit rate ranging from 6.04% to 6.75% per annum. (2015: 6.04% to 6.75% per annum), which is payable at the discretion of the issuer.

7. Investment deposits

	2016 AED'000	2015 AED'000
Current:		
Investment deposits maturing in less than 3 months	510,148	244,021
Investment deposits maturing up to 1 year but more than 3 months	1,395,000	1,330,941
	<u>1,905,148</u>	<u>1,574,962</u>
Non-current:		
Investment deposits maturing above 1 year	294,997	727,947
	<u>2,200,145</u>	<u>2,302,909</u>

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

7. Investment deposits (continued)

- (a) Investment deposits are placed with financial institutions in the UAE, and carry profit rates ranging from 2% to 3% (2015: 1% to 5.5%) per annum.
- (b) Investment deposits of AED 136.73 million (2015: AED 136.73 million) have been pledged as collateral against unutilised bank overdraft facilities provided to the Group.
- (c) A specific provision of AED 226 million for impairment has been established during the year against an outstanding Wakala deposit of AED 271 million (2015: AED Nil).
- (d) Dividends received from and payable on behalf of companies listed on DFM and investor card balances amounting to AED 295 million (2015: AED Nil) has been invested in short term deposits by the Company.

8. Prepaid expenses and other receivables

	2016 AED'000	2015 AED'000
Accrued income on investment deposits	24,300	11,837
Accrued trading commission fees	4,193	2,236
Due from brokers	2,520	2,973
Prepaid expenses	7,147	7,853
Central counterparty balances*	1,845	19,769
Other receivables	2,616	1,690
	<hr/>	<hr/>
	42,621	46,358
Less: allowance for doubtful debts	(348)	(147)
	<hr/>	<hr/>
	42,273	46,211
	<hr/>	<hr/>

Net movement in allowance for doubtful debts:

	2016 AED'000	2015 AED'000
Opening balance	147	214
Charge/(write off) during the year	201	(67)
	<hr/>	<hr/>
Closing balance	348	147
	<hr/>	<hr/>

* 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.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

9. Cash and cash equivalents

	2016 AED'000	2015 AED'000
Cash on hand	208	226
Bank balances:		
Current accounts	54,684	44,866
Savings accounts	-	59,632
Mudarabah accounts	75,137	96,278
	<u>130,029</u>	<u>201,002</u>
Add : Investment deposits with original maturities not exceeding three months	240,814	60,000
Cash and cash equivalents	<u>370,843</u>	<u>261,002</u>

The rate of return on the saving and mudarabah accounts is 0.25% to 0.36% per annum (31 December 2015: 0.15% to 0.23%). Dividends amounting to AED 18 million (31 December 2015: Nil) distributed by the Company on behalf of other companies remain unrepresented to the Company's banks as at 31 December 2016.

10. Share capital

	2016 AED'000	2015 AED'000
Authorised, issued and paid up share capital: 8,000,000,000 (2015: 8,000,000,000 shares) of AED 1 each (2015: AED 1 each)	<u>8,000,000</u>	<u>8,000,000</u>

During the year, the Company has distributed dividends of AED 399.8 million (2015: AED 559.7 million, including non-sharia compliant income of AED 15.6 million (2015: AED 29.6 million) (Note 20), representing AED 0.05 per share (2015: AED 0.07 per share). The dividends were approved by the shareholders at the Annual General Meeting held on 9 March 2016.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

11. 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 2014	354,929
Transfer from net income for the year	26,098
	<hr/>
Balance as of 31 December 2015	381,027
Transfer from net income for the year	25,350
	<hr/>
Balance as of 31 December 2016	406,377
	<hr/> <hr/>

Investments revaluation reserve - FVTOCI

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

12. Provision for employees' end of service indemnity

	2016 AED'000	2015 AED'000
Balance at the beginning of the year	13,879	12,006
Charged during the year	2,530	2,278
Paid during the year	(343)	(405)
	<hr/>	<hr/>
Balance at the end of the year	16,066	13,879
	<hr/> <hr/>	<hr/> <hr/>

In accordance with the provisions of IAS 19, to assess the present value of its obligations as at 31 December 2016 and 2015, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Law, the expected liability at the date of leaving the service has been discounted to its net present value using a discount rate of 3.51% (2015: 4.16%).

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

13. Payables and accrued expenses

	2016 AED'000	2015 AED'000
Dividends payable on behalf of companies listed on the DFM	252,169	156,357
Ivestor cards	184,466	156,025
Members' margin deposits	24,348	27,920
Central counterparty balances (Note 8)	1,845	19,769
Accrued expenses and other payables	17,525	17,219
Unearned revenue	8,969	9,427
Brokers' retention	16,638	16,400
Due to U.A.E. Securities and Commodities Authority	15,711	4,425
Zakat	875	856
	<u>522,546</u>	<u>408,398</u>

14. Dividends payable

During the year, the Company has distributed dividends of AED 399.8 million (2015: AED 559.7 million). The dividends were approved by the shareholders at the Annual General Meeting held on 9 March 2016. The payable balance includes AED 318.5 million payable to the parent (Note 15).

15. Related party transactions and balances

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 CEO and 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	2016 AED'000	2015 AED'000
Fellow Subsidiaries :		
Investment income	21,307	13,410
Interest expense	1,113	1,061
Dividend income	6,753	6,002
Pledge fees	-	7,280
Associates		
Investment income	24,586	18,675
Rent, Dubai World Trade Center	9,569	9,493

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

15. Related party transactions and balances (continued)

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

	2016 AED'000	2015 AED'000
<i>Compensation of key management personnel</i>		
Salaries and short-term benefits	8,416	7,962
General pension and social security	886	817
Board of Directors		
- Remuneration to the Nasdaq Board	929	1,025
- Meeting allowance for the Group	1,078	1,359
DFM board remuneration	1,800	1,800

Other related parties

Managed funds (Note 6)	233,857	240,398
Other financial assets at FVTOCI (Note 6)	309,164	194,607
Cash and bank balances	108,257	224,894
Investment deposits (Note 7)	1,279,909	1,212,200

Investment deposits include AED 100 million (31 December 2015: AED 100 million) placed as collateral with related parties.

Due to related parties

Parent

Expenses paid on behalf of the Group	8,421	8,565
Subordinated loan	25,456	24,343
Dividends payable	318,500	-

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

The Group has not provided any loans to its directors during the year ended 31 December 2016.

The Group obtains an 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").

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

16. Investment income

	2016 AED'000	2015 AED'000
Return on investment deposits	68,460	46,828
Dividends	11,078	10,845
	<u>79,538</u>	<u>57,673</u>

17. General and administrative expenses

	2016 AED'000	2015 AED'000
Payroll and other benefits	80,543	83,817
Rent	9,427	9,442
Depreciation	8,156	5,848
Professional expenses	3,861	1,968
Maintenance expenses	13,483	12,413
Telecommunication expenses	8,392	8,355
Investor expenses	3,111	3,349
Other	9,989	10,868
	<u>136,962</u>	<u>136,060</u>

18. Earnings per share

	2016	2015
Net profit for the year attributable to the owners of the Company (AED'000)	<u>253,491</u>	<u>260,983</u>
Authorized, 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)	<u>7,995,763</u>	<u>7,995,763</u>
Earnings per share - AED	<u>0.032</u>	<u>0.033</u>

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

19. Commitments

	2016 AED'000	2015 AED'000
Commitments for the purchase of property and equipment	<u>1,219</u>	<u>4,541</u>

The Company also has a commitment of AED 148 million (2015: AED 148 million) to acquire the remaining 33% (2015: 33%) of Nasdaq Dubai Limited which is required to be settled on the completion of the acquisition on a date to be mutually agreed with Borse Dubai Limited.

20. Non Sharia 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
2013	15,697
2014	29,646
2015	15,648
	<u>60,991</u>

Non-Sharia compliant income of AED 15.6 million relating to 2015 (2015: AED 29.6 million relating to 2014 appropriated in 2015) has been appropriated after approved by the Company's Sharia and Fatwa Supervisory Board.

21. Financial risk management objectives

21.1 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 minimize potential adverse effects on the Group's financial performance.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

21. Financial risk management objectives (continued)

21.1 Financial risk factors (continued)

The Group's risk management policies are designed to identify and analyze 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 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, and price risk and interest rate risk), credit risk and liquidity risk.

21.2 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.

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 42 million (2015: AED 35 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. Most of the financial assets and financial liabilities of the Group carry fixed rate of profit and therefore, the Group is not exposed to any significant cash flow risk.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

21. Financial risk management objectives (continued)

21.3 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 due from a financial institution and investment deposits and balances with banks and other financial institutions.

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:

	2016 AED'000	2015 AED'000
Financial assets		
Investment deposits	2,440,959	2,362,909
Other receivables	35,126	38,358
Bank balances	129,821	200,776
Total financial assets	2,605,906	2,602,043

The Group has made a full provision of AED 0.35million (2015: AED 0.14 million) against its doubtful receivables as at 31 December 2016. The remaining receivables were neither past due nor impaired at the consolidated financial position date.

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

	2016 AED'000	2015 AED'000
Bank Rating		
A1	148,683	200,368
A2	10,019	21,279
A3	552,665	7
AA2	-	50,167
Aa3	48,160	-
Baa1	325,292	851,209
Unrated	1,190,964	712,708
Total	2,275,783	1,835,738

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

21. Financial risk management objectives (continued)

21.4 Liquidity risk management

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:

	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 2015						
Financial liabilities						
Payables and accrued expenses	432,110	-	-	-	-	432,110
Subordinated loan	-	-	-	25,453	-	25,453
Due to a related party	-	-	8,565	-	-	8,565
Provision for employees end of service benefits	-	-	-	-	13,879	13,879
Total financial liabilities	432,110	-	8,565	25,453	13,879	480,007
31 December 2016						
Financial liabilities						
Payables and accrued expenses	871,839	-	-	-	-	871,839
Subordinated loan	-	-	-	26,622	-	26,622
Due to a related party	-	-	8,421	-	-	8,421
Provision for employees end of service benefits	-	-	-	-	16,066	16,066
Total financial liabilities	871,839	-	8,421	26,622	16,066	922,948

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

21. Financial risk management objectives (continued)

21.5 Fair value of financial instruments

The Group's financial assets and financial liabilities comprise of cash and bank balances, investment deposits, receivables and payables whose maturity is short term. Long term investment deposits carry market rates of return. Consequently their fair value approximates the carrying value, 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 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 data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. These investments comprise funds the fair values of which are based on the net asset value provided by the fund managers.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Level 3 assets represent unquoted 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.

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

21. Financial risk management objectives (continued)

21.5 Fair value of financial instruments (continued)

There were no changes in valuation techniques during the period.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015 and 2016.

	31 December 2015			
	Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000
Financial assets at fair value through other comprehensive income				
- Equities	275,845	-	47,319	323,164
- Managed funds	-	272,731	4,389	277,120
- Investments in Sukuk	101,865	-	-	101,865
Total	377,710	272,731	51,708	702,149
	31 December 2016			
	Level 1	Level 2	Level 3	Total
	AED'000	AED'000	AED'000	AED'000
Financial assets at fair value through other comprehensive income				
- Equities	317,585	-	47,382	364,967
- Managed funds	-	265,980	1,021	267,001
- Investments in Sukuk	204,680	-	-	204,680
Total	522,265	265,980	48,403	836,648

There are no transfers between Level 1 and Level 2 during the year. The company purchased shares amounting to AED 28 million during the year.

Reconciliation of Level 3 fair value measurements of financial assets

	Measured at FVTOCI	
	Unquoted equities	
	2016	2015
	AED'000	AED'000
Opening balance	51,708	66,163
Additions during the year	-	28
Redemptions during the year	-	(12,938)
Transfer from level 3 to level 2	-	-
Unrealised losses in other comprehensive loss	(3,305)	(1,545)
Closing balance	48,403	51,708

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

21. Financial risk management objectives (continued)

21.5 Fair value of financial instruments (continued)

Sensitivity analysis for level 3 items

Level 3 assets represent unquoted equity and mutual fund investments whose fair value is determined based on varying unobservable assumptions which depend on a broad range of macroeconomic factors. If prices per unit of level 3 equity instruments had been 5% higher/lower, their value would have increased/decreased by AED 2.42 million (2015: AED 2.58 million) as a result of the changes in fair value of the investments.

22. Financial assets and liabilities

Financial assets by category

	2016 AED'000	2015 AED'000
Assets as per consolidated statement of financial position		
Financial assets measured at fair value through other comprehensive income (FVTOCI)	836,648	702,149
Amortised cost		
Cash and bank balances	130,029	201,002
Investment deposits	2,440,959	2,362,909
Other receivables	35,126	38,358
	2,606,114	2,602,269

Financial liabilities by category

	2016 AED'000	2015 AED'000
Liabilities as per consolidated statement of financial position		
Other financial liabilities at amortised cost		
Payables and accrued expenses	871,839	432,110
Subordinated loan	25,456	24,343
Due to a related party	8,421	8,565
Provision for employee's end of service benefits	16,066	13,879
	921,782	478,897

Dubai Financial Market P.J.S.C (DFM)

Notes to the consolidated financial statements for the year ended 31 December 2016 (continued)

23. Fair value gain on gifted land

During the first quarter, the Company received freehold land in the Business Bay area from Dubai Properties Group (DPG), free of cost for the purpose of construction of its new office premises. Based on the valuation certificate issued by the land department, the value of gifted land at the date of receipt was AED 231.3 million, which has been recognised in the statement of income.

24. 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.

25. Segment reporting

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

26. Reclassifications

Certain corresponding figures have been reclassified, where necessary, to conform to the current period presentation. These reclassifications primarily relates to enhancing disclosure on the income statement line items. Management believes that the current period presentation provides more meaningful information to the users of the consolidated financial statements.

27. Social contributions

The Group has made no 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.