

Mawarid Finance P.J.S.C.  
Consolidated Financial Statements  
*for the year ended 31 December 2014*

## Directors' report

On behalf of Mawarid Finance Board of Directors, I would like to present our 2014 Annual Report and the accompanying consolidated statement of financial position and the consolidated statement of profit or loss and other comprehensive income.

The year 2014 has been a period of significant progress and new initiatives for Mawarid Finance PJSC (Group). We consolidated our strategy of emerging from an Islamic Financial Services Group to a Conglomerate managing a portfolio of Shariah compliant businesses, with multi-industry reach. As a Group, we moved closer to realizing our mission of creating superior and pioneering Shariah Compliant products and services to become the provider of first choice Islamic Financial solutions in a modern business environment.

During the year, we successfully realigned our strategy to focus on high-return investments and on creating additional value for our shareholders. On the financing side, we re-focused our activities and concentrated more on high margin growth assets like credit cards and SME financing. On the investment side, there was increased focus on Strategic and Private Equity investments, while ensuring diversification of the investment portfolio in terms of sectors and geographies. There was tremendous momentum on our investment activities with new tie-ups and strengthening of existing partners. There was renewed focus on aligning strategies towards realization of the group goals, while ensuring individual companies continue to maintain focus in line with their industry standards, practices and trends.

### Performance Overview

The Management team through their pro-active approach, and with guidance of the Board of Directors, has been able to sustain growth against the backdrop of challenging operative environment. While we remained focused on our core regional Shariah compliant business model within its established strategy, further focus was given to the following:

- Selective business growth within prudent risk parameters focusing on contra-cyclical sectors.
- A phased de-risking of the balance-sheet profile with enhanced risk and liquidity features.
- Prudent assets and liability management.
- Maintaining counterparty and clients' confidence at high levels.
- Streamlining operations across the group through centralization and re-organization.
- Disciplined cost control measures across all functional areas.
- Close monitoring of identified risk exposure through prompt recognition of impaired assets.
- Best-practice approach to manage our non-performing portfolio.

### Financial Highlights

- Net profit attributable to equity holders of the parent company increased from AED 56.78 million in 2013 to AED 58.02 million in 2014
- Total assets increased from AED 1,287.49 million in 2013 to AED1,446.36 million in 2014.
- Wakalah deposit increased from AED 195.66 million in 2013 to AED 263.26 million in 2014.

### Awards & Achievements

- Mawarid Finance was awarded the "Best Business Finance Institution in the Middle East – 2014" by the Islamic Business and Finance Awards.

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## Activities and Initiatives

- Launched Falak Tayyeb Credit card with principal membership of MasterCard obtained.
- Launched co-branded Ojoor payroll cards.
- Oracle Core Banking system selected for providing comprehensive IT platform aimed at enriching customer experience, building seamless operations & enhancing business intelligence.
- Emiratisation focus through internship programs and succession planning; majority of Heads of Departments are Emiratis.

## Key highlights of Mawarid Group performance:

**New Investment:** During the year Mawarid invested in an upcoming medical services provider in UAE (Plus Medical LLC), through acquiring a stake of 70%. The company is in the process of completing the set up procedures and is expected to start operations by 2015 year end.

**Mawarid Exchange:** Branch Network increased by 100% in 2014 (total of 6 fully operational branches). The company now has presence in Dubai and Sharjah. The company has built a comprehensive product cache (Global Remittance/FC/NBC/ International Mobile top-up/ WPS & LG for MF/ PAN card and Indian bank a/c) and has established correspondent relationships with the major banks in Sri Lanka, India, Philippines, Pakistan, Nepal and other Asian countries.

**Mawarid Securities:** Al Jazeera Financial services LLC was re-branded as 'Mawarid Securities' with the aim of bringing in shared synergies and launched online and mobile trading systems aimed at enhancing customer experience.

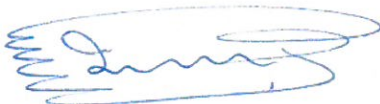
**TACME:** Technical Art Concepts LLC (TACME) secured several new contracts from local and international companies. The company's current business growth and customer profile provides a strong impetus to the company's future expansion plans.

**Falcon Eye Technology LLC:** The Company has built a stronghold in Abu Dhabi with more new projects. The company has opened an office in Dubai in 2014 with focus on increased business opportunities and wider network

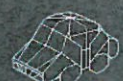
In charting our future strategies and while assessing opportunities for growth for the Group's regional reach, our open minded approach without compromising on our commitment to delivering innovative Shariah compliant products and services remain our key driving force. This guides us to remain committed to pursuing selective opportunities that meet quality assets criteria in key target markets.

On behalf of Board of Directors, I would like to take this opportunity to express my sincere appreciation to all shareholders for their supports and commitments and to thank the management team and staff for their exceptional efforts in delivering another successful year for Mawarid Finance and the Mawarid group. I would also like to thank our honored Fatwa and Shariah Supervisory Board for their supervisory role in upholding Mawarid's uncompromising commitment to Shariah principles.

It is needless to state that our achievements during 2014 were only made possible through the guidance of our regulators, the support and trust of our clients, business partners and customers. In 2015, as always we will start with focused plan and ambitions to exceed our past performance and meet the aspirations of all our stakeholders.



**Mohamed Al Nuaimi**  
Director and Chief Executive Officer





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## **Independent Auditors' Report**

The Shareholders  
Mawarid Finance P.J.S.C

### **Report on the consolidated financial statements**

We have audited the accompanying consolidated financial statements of Mawarid Finance P.J.S.C ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, 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.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2014, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.



**Independent Auditors' Report (continued)**

**Report on Other Legal and Regulatory Requirements**

As required by the UAE Federal Law No. 8 of 1984 (as amended), we further confirm that we have obtained all information and explanations necessary for our audit; the financial statements comply, in all material respects, with the applicable requirements of the UAE Federal Law no.8 of 1984 (as amended), Union Law no.10 of 1980 and the Articles of Association of the Company; that proper financial records have been kept by the Company; and the contents of the Directors' report which relate to these consolidated financial statements are in agreement with the Company's financial records. We are not aware of any violation of the above mentioned Laws and the Articles of Association having occurred during the year ended 31 December 2014, which may have had a material adverse effect on the business of the Company or its financial position.

*KPMG*


KPMG Lower Gulf Limited  
Austin Alan Henry Rudman  
Registration No: 844  
Date: 31 March 2015

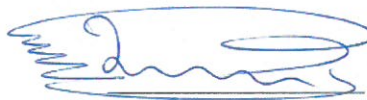
# Mawarid Finance P.J.S.C.

## Consolidated statement of financial position

as at 31 December 2014

		<b>31 December 2014</b>	31 December 2013
	<i>Note</i>	<b>AED '000</b>	AED '000
<b>Assets</b>			
Cash and bank balances	11	273,663	320,960
Financing and investing assets	13	346,383	366,155
Investment properties	14	154,876	102,807
Investment securities	15	254,820	179,702
Equity accounted investees	16	167,106	144,564
Goodwill	17	27,389	18,257
Property and equipment	18	78,862	77,350
Intangible assets	19	13,863	11,657
Other assets	20	129,393	66,036
<b>TOTAL ASSETS</b>		<b>1,446,355</b>	<b>1,287,488</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	21	1,000,000	1,000,000
Treasury shares	21	(6,000)	(6,000)
Statutory reserve	22	26,672	20,870
General reserve	23	26,672	20,870
Investment revaluation reserve		(6,424)	(29,187)
Retained earnings		16,225	19,514
<b>Attributable to equity holders of the Parent</b>		<b>1,057,145</b>	<b>1,026,067</b>
Non-controlling interest	24	45,595	26,283
<b>Total equity</b>		<b>1,102,740</b>	<b>1,052,350</b>
<b>Liabilities</b>			
Wakalah deposits	25	263,263	195,662
Other liabilities	26	80,352	39,476
<b>Total liabilities</b>		<b>343,615</b>	<b>235,138</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,446,355</b>	<b>1,287,488</b>

  
 Omran Al - Owais  
 Chairman

  
 Mohamed Al Nuaimi  
 Managing Director & CEO

**Mawarid Finance P.J.S.C.**  
**Consolidated statement of profit or loss**  
*for the year ended 31 December 2014*

		<b>31 December</b>	31 December
		<b>2014</b>	2013
	<i>Note</i>	<b>AED '000</b>	AED '000
Income from financing and investing assets	27	<b>26,975</b>	27,384
Income from Islamic deposits and wakalah placements	28	<b>3,776</b>	2,602
Revenue from IT and security system services	29	<b>95,946</b>	59,228
Unrealised gain on revaluation of investment properties	14	<b>22,411</b>	6,098
Realised gain on sale of investment property	14	-	11,627
Gain/(loss) on investment carried at FVTPL		<b>(1,888)</b>	6,241
Other income	30	<b>11,855</b>	13,117
<b>Total revenue from operating activities</b>		<b>159,075</b>	126,297
General and administrative expenses	31	<b>(69,834)</b>	(57,519)
Cost of sales relating to IT and security system services	29	<b>(50,688)</b>	(35,410)
<b>Total expenses from operating activities</b>		<b>(120,522)</b>	(92,929)
Depositors' share of profit		<b>(392)</b>	(814)
Provision for impairment		<b>12,838</b>	-
<b>Profit before associate's share of profit for the year</b>		<b>50,999</b>	32,554
Share of profit from equity accounted investees	16	<b>19,595</b>	28,636
<b>Profit for the year</b>		<b>70,594</b>	61,190
<i>Attributable to:</i>			
Equity holders of the Parent		<b>58,015</b>	56,781
Non-controlling interest		<b>12,579</b>	4,409
		<b>70,594</b>	61,190

## Mawarid Finance P.J.S.C.

### Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 December 2014

	<b>31 December</b>	31 December
	<b>2014</b>	2013
	<b>AED '000</b>	AED '000
<b>Profit for the year</b>	<b>70,594</b>	61,190
<b>Other comprehensive income:</b>		
<i>Items that will never be reclassified to profit or loss</i>	-	-
<i>Items that are or may be reclassified to profit or loss:</i>		
Changes in fair value of available for sale investments	<b>22,694</b>	(4,715)
<b>Total comprehensive income for the year</b>	<b>93,288</b>	56,475
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Parent	<b>80,778</b>	52,066
Non-controlling interest	<b>12,510</b>	4,409
<b>Total comprehensive income for the year</b>	<b>93,288</b>	56,475