

(PREVIOUSLY KNOWN AS BH Mubasher Financial Services PSC)

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION Nine-month period ended

30 September 2021



(PREVIOUSLY KNOWN AS BH Mubasher Financial Services PSC)

# CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine-month period ended 30 September 2021

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The Shareholders

BHM Capital Financial Services PSC (previously known as BH Mubasher Financial Services PSC)

We have reviewed the accompanying condensed consolidated interim financial information of BHM Capital Financial Services PSC ("the Company") (previously known as BH Mubasher Financial Services PSC) and its subsidiary (collectively referred to as "the Group) as at 30 September 2021, comprising of the condensed consolidated interim statement of financial position as at 30 September 2021 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the ninemonth period then ended and explanatory notes, prepared for interim reporting purposes. Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 – Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information does not give a true and fair view of the financial position of the Group as at 30 September 2021, and of its financial performance and its cash flows for the nine-month period then ended in accordance with International Financial Reporting Standards.

**RSM** Dahman

Ahmed Mohamed Salem Bamadhaf

Registration No.: 459

Dubai, United Arab Emirates

10 November 2021

P.O.Box: 11855, Dubai - U.A.E.

RSM Dahman

Countants - Auditors - Consultants

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# CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION 30 September 2021

ASSETS	Note	30 September 2021 AED (Un-audited)	31 December 2020 AED (Audited)
NON-CURRENT ASSETS			
Goodwill and other intangible assets Property and equipment Investment properties	4 5	42,526,561 10,705,031 5,250,000	43,122,735 11,401,822 5,250,000
Financial assets at F.V through other comprehensive income	6	3,753,946	3,753,946
Total non-current assets		62,235,538	63,528,503
CURRENT ASSETS	, .	32,233,633	00,020,000
Short term deposit under lien Prepayments and other receivables Financial assets at F.V through profit and loss Cash and bank balances	7 6 9	13,101,000 185,347,138 16,882,901 165,316,939	13,101,000 170,798,795 8,848,421 
Total current assets	-	380,647,978	413,681,759
Total assets	:=	442,883,516	477,210,262
EQUITY AND LIABILITIES CAPITAL AND RESERVES			
Share capital Treasury shares Legal reserve Fair value through OCI reserve Retained earnings Merger reserve	10 10(a) 10(b)	563,841,748 (2,000,000) 4,241,735 (115,793) 11,622,112 (390,410,680)	563,841,748 (2,000,000) 4,241,735 (115,793) 2,401,109 (390,410,680)
Total equity	_	187,179,122	177,958,119
NON-CURRENT LIABILITIES			
Bank borrowings Employees' end of service benefits	11	3,705,198 2,451,778	4,243,050 1,766,165
Total non-current liabilities		6,156,976	6,009,215
CURRENT LIABILITIES			
Trade and other payables Bank borrowings	12 11	248,830,282 717,136	292,525,792 717,136
Total current liabilities	.=	249,547,418	293,242,928
Total equity and liabilities Independent auditors' review report on page 1.		442,883,516	477,210,262
	<b>V</b>		
Abde	el Hadi AL Sa	di	

CEO
The attached notes 1 to 18 form an integral part of the condensed interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Nine Months Ended 30 September 2021

Note   Note   AED			Nine mon	ths ended	Three mor	nths ended
NCOME   (Un-audited)   (Un-audited				30 September 2020	30 September 2021	
Commission income   24,437,961   16,188,242   8,615,676   6,216,198		Note				
Income from margin trading   12,783.021   9,079.564   4,820.447   3,499.721	INCOME		(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Finance income 32,674 1,204,453 9,784 40,030 Other Income 33,325,069 1,465,065 1,113,316 542,834 40,578,725 27,937,324 14,559,223 10,298,743 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 14,559,223 10,298,743 15,298,249,103 14,569,104,104,104,104,104,104,104,104,104,104	Commission income		24,437,961	16,188,242	8,615,676	6,216,158
Other Income         3,325,069         1,465,065         1,113,316         542,834           EXPENSES         27,937,324         14,559,223         10,298,743           EXPENSES         3,225,069         24,937,324         14,559,223         10,298,743           General and administrative expenses         15         (32,183,006)         (24,594,103)         (10,819,063)         (9,023,729)           Financial charges         (454,716)         (762,771)         (150,101)         (174,613)           Net gain on the investment at the fair value         1,280,000         829,140         515,198         613,691           PROFIT FOR THE PERIOD         9,221,003         3,409,590         4,105,257         1,714,092           STATEMENT OF COMPREHENSIVE INCOME           Income         -         -         -           Other comprehensive income not to be reclassified subsequently to profit or loss:         -         -         -           Other comprehensive income not to be reclassified subsequently to profit or loss:         -         -         -         -           Other comprehensive (loss) to be reclassified subsequently to profit or loss:         -         -         -         -         -         -           Other comprehensive (loss) to be reclassified subsequently to profit or loss	Income from margin trading		12,783,021	9,079,564	4,820,447	3,499,721
August   A	Finance income		32,674	1,204,453	9,784	40,030
EXPENSES   General and administrative expenses   15   (32,183,006)   (24,594,103)   (10,819,063)   (9,023,729)   (174,613)   (174,613)   (1819,063)   (19,013,729)   (190,101)   (174,613)   (174,613)   (190,101)   (174,613)   (190,101)   (174,613)   (190,101)   (174,613)   (190,101)   (174,613)   (190,101)   (190,101)   (174,613)   (190,101)   (190,10	Other Income		3,325,069	1,465,065	1,113,316	542,834
Canal and administrative expenses   15			40,578,725	27,937,324	14,559,223	10,298,743
Expenses   15	EXPENSES					
Expenses   15	General and administrative					
Financial charges   (454,716)   (762,771)   (150,101)   (174,613)		15	(32 183 006)	(24 594 103)	(10 819 063)	(9 023 729)
Net gain on the investment at the fair value         1,280,000         829,140         515,198         613,691           ROFIT FOR THE PERIOD         9,221,003         3,409,590         4,105,257         1,714,092           STATEMENT OF COMPREHENSIVE INCOME           Items that will not be reclassified subsequently to profit or loss:           Other comprehensive income not to be reclassified subsequently to profit or loss           Letrus that will be reclassified subsequently to profit or loss ubsequently to profit or loss           Letrus that will be reclassified subsequently to profit or loss:           Net other comprehensive (loss) to be reclassified subsequently to profit or loss:           Net other comprehensive (loss) to be reclassified subsequently to profit or loss           TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD         9,221,003         3,409,590         4,105,257         1,714,092           Basic and dilluted earnings	•	.0	,	,	,	,
Comparison   Com			(101,110)	(1 02,111)	(100,101)	(111,010)
## PROFIT FOR THE PERIOD			1,280,000	829,140	515,198	613,691
STATEMENT OF COMPREHENSIVE INCOME  Items that will not be reclassified subsequently to profit or loss:  Other comprehensive income			(31,357,722)	(24,527,734)	(10,453,966)	(8,584,651)
COMPREHENSIVE INCOME  Items that will not be reclassified subsequently to profit or loss:  Other comprehensive income	PROFIT FOR THE PERIOD		9,221,003	3,409,590	4,105,257	1,714,092
reclassified subsequently to profit or loss:  Other comprehensive income						
reclassified subsequently to profit or loss:  Other comprehensive income						
Other comprehensive income						
Other comprehensive income						
income	profit or loss:					
Net other comprehensive income not to be reclassified subsequently to profit or loss	Other comprehensive					
income not to be reclassified subsequently to profit or loss						
subsequently to profit or loss	•					
Items that will be reclassified subsequently to profit or loss:  Net other comprehensive (loss) to be reclassified subsequently to profit or loss						
subsequently to profit or loss:  Net other comprehensive (loss) to be reclassified subsequently to profit or loss	subsequently to profit or loss					-
Net other comprehensive (loss) to be reclassified subsequently to profit or loss						
Net other comprehensive (loss) to be reclassified subsequently to profit or loss	subsequently to profit or					
(loss) to be reclassified subsequently to profit or loss	loss:					
subsequently to profit or loss TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD 9,221,003 3,409,590 4,105,257 1,714,092  Basic and diluted earnings						
TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD 9,221,003 3,409,590 4,105,257 1,714,092  Basic and diluted earnings						
PROFIT FOR THE PERIOD         9,221,003         3,409,590         4,105,257         1,714,092           Basic and diluted earnings	subsequently to profit or loss					
Basic and diluted earnings	TOTAL COMPREHENSIVE					
	PROFIT FOR THE PERIOD		9,221,003	3,409,590	4,105,257	1,714,092
	Basic and diluted earnings					
			0.016	0.006	0.007	0.003

The attached notes 1 to 18 form an integral part of the condensed interim financial information.

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Nine Months Ended 30 September 2021

	Share capital AED	Treasury reserve AED	Legal shares AED	Merger reserve AED	Fair value through OCI AED	Retained earnings AED	Total AED
	Note 10	Note 10(a)	Note 10(b)	Note 10(c)			
Balance at 1 January 2020	563,841,748	(2,000,000)	3,664,641	(390,410,680)	(115,793)	(2,792,736)	172,187,180
Total comprehensive profit for the period							
Profit for the period	-	-	-	-	-	3,409,590	3,409,590
Other comprehensive profit for the period							
Total comprehensive profit for the period	-	-	-	-	-	3,409,590	3,409,590
Balance at 30 September 2020 (Un-audited)	563,841,748	(2,000,000)	3,664,641	(390,410,680)	(115,793)	616,854	175,596,770
Balance at 1 January 2021	563,841,748	(2,000,000)	4,241,735	(390,410,680)	(115,793)	2,401,109	177,958,119
Total comprehensive profit for the period							
Profit for the period  Other comprehensive income for the period	-	-	-	-	-	9,221,003	9,221,003
Total comprehensive profit for the period	-	-	-	-	-	9,221,003	9,221,003
Balance at 30 September 2021 (Un-audited)	563,841,748	(2,000,000)	4,241,735	(390,410,680)	(115,793)	11,622,112	187,179,122

Figures in (brackets) indicate debits.

The attached notes 1 to 18 form an integral part of the condensed interim financial information

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS

Nine Months Ended 30 September 2021

	Nine months ended	
	30 September 2021	30 September 2020
	AED (Un-audited)	AED (Un-audited)
OPERATING ACTIVITIES	(On-auditeu)	(On-addited)
Profit for the period	9,221,003	3,409,590
Adjustment for: Depreciation on property and equipment	1,421,208	1,330,820
Amortization of intangible assets	596,175	613,362
Unrealized gain on investment	332,078	230,920
Interest on bank borrowings	96,351	166,860
Interest income on deposits	(32,674)	(1,203,532)
Gain on the sale of asset	<u>.</u>	(11,728)
Provision for employees' end of service benefits	712,598	529,476
Operating profit before working capital changes	12,346,739	5,065,768
Change in short term deposit under lien	-	25,000,000
Change in prepayments and other receivables	(14,548,345)	(5,503,222)
Change in due from related parties	-	- (27 220 E4E)
Change in due to related parties Change in trade and other payables	2,674,113	(37,238,545) 50,570,596
onungo in tidao ana otnor payabioo		
Interest received an denocite	472,507 32,674	37,894,597
Interest received on deposits Employees' end of service benefits paid	(26,985)	1,203,532 (302,257)
Cash flow from operating activities	478,196	38,795,872
	470,130	30,133,012
INVESTING ACTIVITIES		
Purchase of furniture and equipment	(724,415)	(188,612)
Purchase of financial assets through profit and loss	(8,366,558)	(9,175,653)
Sale proceeds of fixed asset		37,453
Cash flow (used in) investing activities	(9,090,973)	(9,326,812)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(537,852)	(537,852)
Repayment of short term loan	· -	(24,000,000)
Interest paid on bank borrowings	(96,351)	(166,860)
Cash (used in) financing activities	(634,203)	(24,704,712)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(9,246,980)	4,764,349
Cash and cash equivalents at 1 January	20,307,515	3,975,326
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	11,060,535	8,739,675

# CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS (continued)

Nine Months Ended 30 September 2021

	30 September 2021 AED	30 September 2020 AED
Represented by: Cash and bank balances Client deposits	165,316,939 (154,256,404)	144,011,191 (135,271,516)
Cash and cash equivalents at the end of period	11,060,535	8,739,675

The attached notes 1 to 18 form an integral part of the condensed interim financial information

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION 30 September 2021

#### 1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

BHM Capital Financial Services PSC ("the Company") (previously known as BH Mubasher Financial Services PSC), was incorporated on 11 March 2006 in accordance with the provisions of UAE Federal Law No. 2 of 2015. The name of the Company has been changed to BHM Capital Financial Services PSC ("the Company") from guarter 2<sup>nd</sup> 2021.

On 14 July 2009, Al Safwa Islamic Financial Services established a subsidiary by subscribing to 10,000,000 shares of AED 1 each representing 100% equity shares in Al Safwa Capital LLC (the "subsidiary") incorporated in the Emirates of Sharjah in accordance with the provision of the UAE Federal Companies Law no. 2 of 2015. The principal activity of the subsidiary is to hold investment properties and investment securities.

On 26 November 2015 Al Safwa was listed on Dubai Financial Market ("DFM") as Private Joint Stock Company (PrJSC).

As further explained in note 4, on 8 December 2016, the operations of Mubasher Financial Services LLC ("MFS") merged with Al Safwa and the combined entity was renamed as Al Safwa Mubasher Financial Services PrJSC. The Company continues to be listed on the DFM as a Private Joint Stock Company.

The condensed consolidated financial information comprise of the Company and its wholly owned subsidiary, Al Safwa Capital LLC (collectively referred to as "the Group").

The principal activity of the Company is to act as an intermediary in dealings in shares, stocks, debentures and other securities including margin trading.

The registered office of the Company is P.O. Box 26730, Dubai, United Arab Emirates.

The consolidated financial information have been approved by Board of Directors on 10 November 2021.

### 2 SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

This condensed consolidated interim financial information for the three-months period ended 30 September 2021 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

#### a) New and amended standards adopted by the Group:

The following revised new and amended standards are adopted in condensed consolidated interim financial information.

- Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)

The amendments provide temporary reliefs which address the temporary financial effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free profit rate (RFR).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a profit rate, equivalent to a movement in the market rate.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

These amendments had no impact on the condensed consolidated interim financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

## b) New and amended standards not effective and not yet adopted by the Group

At the date of the condensed consolidated interim financial information, the following other standards, amendments, and Interpretations have not been effective and have not been early adopted by the Group:

New and amended standards not effective and not yet adopted by the Group	Effective date
IFRS 17 Insurance Contracts	1 January 2023

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2021

# 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

## b) New and amended standards not effective and not yet adopted by the Group (continued)

The Group is currently evaluating the impact of this new standard. The Group will adopt this new standard on the effective date.

### 3 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives, policies and procedures are consistent with those disclosed in the annual audited financial statements as at and for the year ended 31 December 2020.

#### 4 GOODWILL AND OTHER INTANGIBLE ASSETS

Pursuant to a merger agreement between Al Safwa and MFS and shareholder resolutions of respective entities dated 21 January 2016, Ministerial Resolution number (499)/2016 issued by Ministry of Economy on 19 September 2016, and Emirates Securities and Commodities Authority ("ESCA") approval dated 11 October 2016 approving the merger, the Company commenced operations and traded as a combined entity under the revised name of BH Mubasher Financial Services PSC with effect from 8 December 2016, on completion of the formalities of the UAE exchanges which has now been updated to BHM Capital Financial Services PSC from quarter 2<sup>nd</sup> 2021. As a result of the merger goodwill and client relationship arose, goodwill is tested annually for the impairment and client relationship is being amortised over its useful life.

The movement in goodwill and other intangible assets during the year is as follows:

	Goodwill AED	Client relationships AED	Software AED	Total AED
As at 1 January 2021 Amortisation for the period	38,379,061	4,740,000 (592,500)	3,674 (3,674)	43,122,735 (596,174)
As at 30 September 2021 (Unaudited)	38,379,061	4,147,500		42,526,561
As at 31 December 2020 (Audited)	38,379,061	4,740,000	3,674	43,122,735
5 INVESTMENT PROPERTIES				
			Property under construction AED	Total AED
As at 1 January 2020			5,250,000	5,250,000
As at 31 December 2020 (Audited)			5,250,000	5,250,000
As at 30 September 2021 (Unaudited	)		5,250,000	5,250,000

The investment property was under construction during the year that is why the Group did not yet started the depreciation on investments properties.

The fair value of Group's investment properties as at 30 September 2021 is AED 5.2 million (31 December 2020: 5.2 million based on unobservable market inputs (i.e. level 3).

The above investment property is on the name of chairman, Alhur Mohammed Hamad Alsuwaidi. He has confirmed that Group is the beneficial owner of this property.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2021

### 6 FINANCIAL ASSETS AT FAIR VALUE

The Group have the following financial assets:

FINANCIAL ASSETS AT F.V THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2021	31 December 2020
	AED	AED
	(Un-audited)	(Audited
	AED	AED
Investment in National Mass Housing Company	3,753,946	3,753,946
this investment represents 2.5% of interest hold in National Mar	as Hausing Company ("NIMHC")	a multiple laint atack

This investment represents 2.5% of interest held in National Mass Housing Company ("NMHC"), a private joint stock company incorporated in the sultanate of Oman and primarily involved in real estate development.

## FINANCIAL ASSETS AT F.V THROUGH PROFIT AND LOSS

Investments in local and foreign quoted shares	30 September 2021 AED (Un-audited) AED	31 December 2020 AED (Audited) AED
As at 1 January Additions during the year Fair value change during the period / year	8,848,421 8,366,558 (332,078)	1,034,613 7,544,319 269,489
As at 30 September / 31 December	16,882,901	8,848,421

Investment in securities classified as fair value through profit and loss (FVTPL) represent a portfolio of investments in local and foreign quoted shares.

### 7 PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Receivable from customers (note 7.1)	170,251,896	159,705,288
Allowances for expected credit losses (note 7.2)	(47,358)	(47,358)
	170,204,538	159,657,930
Prepayments	1,826,471	931,521
Other receivables:		
Net settlement due from:		
- NASDAQ	281,951	101,385
Deposits	5,837,318	5,811,751
Receivable from broker	6,128,940	3,250,886
Others	1,067,920	1,045,322
	185,347,138	170,798,795

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2021

# 7 PREPAYMENTS AND OTHER RECEIVABLES (continued)

- 7.1 As at 30 September 2021, market value of securities held as collateral amounted to AED 4.5 billion (31 December 2020: AED 3.8 billion) against receivables from customers.
- **7.2** Movement in allowance for expected credit losses:

	30 September 2021	31 December 2020
	AED	AED
	(Un-audited)	(Audited)
At 1 January	47,358	48,003
Reversal of provision	<u> </u>	(645)
At 30 September / 31 December	47,358	47,358

#### 8 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include, parent, subsidiaries, key management personnel or their close family members.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, executive or otherwise, of the Group. Transactions with related parties are conducted on terms agreed mutually between the parties.

Significant transactions with related parties during the period are as follows:

## 8(a) Transactions during the period

	Nine months ended		
	30 September 2021	30 September 2020	
	AED	AED	
	(Un-audited)	(Un-audited)	
Salary and benefits provided to key management personnels	3,161,664	2,332,901	
9 CASH AND BANK BALANCES			
	30 September 2021	31 December 2020	
	AED	AED	
	(Un-audited)	(Audited)	
Cash and bank			
- Group's deposits	11,060,461	20,305,391	
- Petty cash	74	2,124	
- Customers' deposits (note 9.1)	154,256,404	200,626,028	
Cash and bank	165,316,939	220,933,543	
Customer deposits	(154,256,404)	(200,626,028)	
Cash and cash equivalents	11,060,535	20,307,515	

9.1 In accordance with the regulations issued by the Emirates Securities and Commodities Authority ("SCA"), the Group maintains separate bank accounts for amounts received from its customers ("customer deposits") which are not available to the Group other than to settle transactions executed on behalf of such customers.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2021

#### 10 SHARE CAPITAL

	30 September 2021 Number of shares AED (Un-audited)	31 December 2020 Number of shares AED (Audited)
In issue at 1 January	563,841,748	563,841,748
In issue at 30 September / 31 December	563,841,748	563,841,748
Total paid in capital (AED)	563,841,748	563,841,748

## 10(a) Treasury shares

The treasury shares represent 2,000,000 shares of the Group held by Al Safwa Capital LLC, which is a 100% subsidiary of the Company.

## 10(b) Legal reserve

The legal reserve of the current and comparative year is those of Safwa, which is the legal acquirer. In accordance with UAE Federal Law (2) of 2015, a minimum of 10% of the annual profit is to be transferred to this non-distributable statutory reserve. Such transfers may cease when the statutory reserve becomes equal to half of the paid up share capital.

### 10(c) Merger reserve

The amount recognised as issued equity instruments in the condensed consolidated financial statements are determined by adding the issued equity of the legal acquiree (Mubasher Financial Services) outstanding immediately before the business combination to the fair value of the legal acquirer (Al Safwa Islamic Financial Services). However, the equity structure (i.e. the number and type of equity instruments issued) reflects the equity structure of Al Safwa Islamic Financial Services, including the ordinary shares issued by Al Safwa Islamic Financial Services to effect the merger. The difference between the share capital and statutory reserve of Al Safwa Islamic Financial Services and the equity value of the Group as per IFRS 3 was transferred to a merger reserve.

The calculation for balances outstanding on the merger reserve as at 30 September 2021 and 31 December 2020 is shown in the table below.

	30 September 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Share capital of MFS transferred to merger reserve Less: share capital of Safwa outstanding Add: statutory reserve of MFS Less: statutory reserve of Safwa Add: Purchase consideration in business combination Add: treasury shares of Safwa	31,000,000 (563,841,748) 14,221,038 (3,631,718) 129,841,748 2,000,000	31,000,000 (563,841,748) 14,221,038 (3,631,718) 129,841,748 2,000,000
Total	(390,410,680)	(390,410,680)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2021

### 11 BANK BORROWINGS

	30 September 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Bank borrowings (note 11.1)	4,422,334	4,960,186
Disclosed under statement of financial position as follows:		
Non-current portion of bank borrowings Current portion of bank borrowings	3,705,198 717,136	4,243,050 717,136
	4,422,334	4,960,186

In 2008, the Group was granted a forward Ijarah facility from the Islamic Bank to purchase an office space in the Emirate of Dubai. On 8 November 2012, the Group obtained the possession of office premises and the Ijarah facility of AED 24,051,620 was rescheduled to be repayable in 180 equal monthly instalments commencing from 8 December 2012. The Ijarah facility bears a profit rate of EIBOR plus 1.75% p.a. and is secured by a first degree registered mortgage over the property.

## 12 TRADE AND OTHER PAYABLES

	30 September 2021	31 December 2020
	AED	AED
	(Un-audited)	(Audited)
Customers' deposits	154,256,404	200,626,028
Customers' deposits with foreign markets	28,861,985	19,117,050
Customers' Unsettled Balances	9,533,648	-
Net settlement due to:		
- Dubai Financial Market	1,973,053	9,375,706
- Abu Dhabi Securities Exchange	5,081,554	14,395,755
Short term advances	36,402,206	38,753,969
Other payables and accruals	12,721,432	10,257,284
Total trade and other payables	248,830,282	292,525,792

Trade payables mainly represent deposits from customers for the purpose of trading by the Group on their behalf.

### 13 CONTINGENT LIABILITIES

	30 September 2021 AED (Un-audited)	31 December 2020 AED (Audited)
Abu Dhabi Securities Exchange (ADX) Dubai Financial Markets (DFM) NASDAQ Dubai Limited (NASDAQ) Securities and Commodities Authority (SCA)	23,000,000 11,000,000 5,527,500 1,000,000	23,000,000 11,000,000 5,527,500 1,000,000
	40,527,500	40,527,500

The guarantees issued are secured by fixed deposits of AED 13,101,000 (31 December 2020: AED 13,101,000).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2021

#### 14 COMMITMENTS

	30 September 2021	31 December 2020
	AED	AED
	(Un-audited)	(Audited)
Development expenditure on investment property	281,507	281,507

The Group has a commitment of development expenditure on investment properties amounting to AED 281,507 (31 December 2020: AED 281,507). The Group has signed an agreement with a contractor on 2 February 2014 to construct six sheds on land which is classified as investment property in the Group's condensed consolidated interim financial information. The total value of the contract is AED 2.6 million and as at the reporting date the Group has paid AED 2.38 million as per the agreement.

### 15 GENERAL AND ADMINISTRATIVE EXPENSES

	Nine month	ns ended	Three mon	ths ended
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	AED	AED	AED	AED
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Staff cost	18,424,997	15,832,419	5,874,995	5,795,312
Trading cost	4,252,596	3,642,061	1,460,312	1,309,611
Depreciation	1,421,208	1,330,820	478,402	442,906
Amortization	596,175	613,362	198,024	205,154
Rent	319,541	345,540	106,515	107,690
Legal and Professional	542,053	576,780	250,437	410,005
Registration and licensing	623,993	598,606	198,555	178,359
Communication	268,349	435,779	101,962	112,818
Other expenses	5,734,094	1,218,736	2,149,861	461,874
_	32,183,006	24,594,103	10,819,063	9,023,729
16 FAIR VALUE	HIERARCHY OF ASSETS	S MEASURED AT FAIR V	ALUE	

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
30 September 2021 (Un-audited)				
Financial assets – Investment at fair value through P&L	16,882,901	-	-	16,882,901
Financial assets – Investment at fair value through OCI		-	3,753,946	3,753,946
31 December 2020 (Audited)				
Financial assets – Investment at fair value through P&L	8,848,421	-	-	8,848,421
Financial assets – Investment at fair value through OCI	<u>-</u>	-	3,753,946	3,753,946

There is no movement in Investment at fair value through OCI and hence, a level 3 reconciliation is not presented.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2021

## 17 BASIS AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit or loss for the period attributable to owners of the Group by the weighted average number of shares outstanding during the period as follows:

	30 September 2021	30 September 2020
	AED	AED
	(Un-audited)	(Un-audited)
Profit for the period attributable to shareholders of the Group	9,221,003	3,409,590
Weighted average number of shares outstanding during the period	563,841,748	563,841,748
Basic and diluted earning per share (AED per share)	0.016	0.006

## 18 COMPARATIVES

Certain comparative figures have been reclassified, wherever necessary, to conform to the presentation adopted in these condensed interim financial statements.