

### BHM CAPITAL FINANCIAL SERVICES PSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION Nine-month period ended

30 September 2022



## BHM CAPITAL FINANCIAL SERVICES PSC

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the nine-month period ended 30 September 2022

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The Shareholders BHM Capital Financial Services PSC

INDEPENDENT AUDITORS' REPORT ON REVIEW OF

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

We have reviewed the accompanying condensed consolidated interim financial information of BHM Capital Financial Services PSC ("the Company") and its subsidiary (collectively referred to as "the Group) as at 30 September 2022, comprising of the condensed consolidated interim statement of financial position as at 30 September 2022 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the nine-month 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 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 2022, 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

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Ahmed Mohamed Salem Bamadhaf Registration No.: 459 Dubai, United Arab Emirates 10 November 2022

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### CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION 30 September 2022

|  |  | 30 September 2022<br>AED  | 31 December 2021<br>AED  |
|--|--|---|--|
| ASSETS   | Note                                   | (Un-audited)  | (Audited)  |
| NON-CURRENT ASSETS   |  |   |  |
| Goodwill and other intangible assets<br>Property and equipment<br>Investment properties<br>Financial assets through other comprehensive income | 4<br>5<br>6                            | 41,736,561<br>9,589,135<br>3,742,000<br>4,817,202                     | 42,329,061<br>10,678,595<br>4,510,000<br>2,993,946                 |
| Total non-current assets   |  | 59,884,898  | 60,511,602   |
| CURRENT ASSETS   |  |   |  |
| Short term deposit under lien<br>Prepayments and other receivables<br>Financial assets through profit and loss<br>Cash and bank balances       | 7<br>6<br>9                            | 18,101,000<br>267,775,642<br>21,093,695<br>394,538,320                | 13,101,000<br>168,834,301<br>11,775,977<br>329,751,859             |
| Total current assets   |  | 701,508,657   | 523,463,137  |
| Total assets   | · · · ·                                | 761,393,555   | 583,974,739  |
| EQUITY AND LIABILITIES   |  |   |  |
| CAPITAL AND RESERVES   |  |   |  |
| Share capital<br>Treasury shares<br>Legal reserve<br>Fair value through OCI reserve<br>Retained earnings<br>Merger reserve                     | 10<br>10(a)<br>10(b)<br>10(c)<br>10(d) | 173,431,068<br>(14,608,414)<br>5,540,272<br>(4,007,037)<br>25,513,655 | 173,431,068<br>(2,000,000)<br>5,540,272<br>(875,793)<br>14,087,949 |
| Total equity   |  | 185,869,544   | 190,183,496  |
| NON-CURRENT LIABILITIES  |  |   |  |
| Bank borrowings<br>Employees' end of service benefits  | 11                                     | 2,988,062<br>3,178,275  | 3,525,914<br>2,596,698   |
| Total non-current liabilities  |  | 6,166,337   | 6,122,612  |
| CURRENT LIABILITIES  |  |   |  |
| Trade and other payables<br>Bank borrowings<br>Short term loan   | 12<br>11<br>11(b)                      | 531,940,538<br>717,136<br>36,700,000                                  | 386,951,495<br>717,136   |
| Total current liabilities  |  | 569,357,674   | 387,668,631  |
| Total equity and liabilities   |  | 761,393,555   | 583,974,739  |
| Independent auditors' review report on page 1.   | ć                                      |   |  |

### Abdel Hadi AL Sadi CEO

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The attached notes 1 to 17 form an integral part of the condensed interim financial information.

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME Nine Months Ended 30 September 2022

|   |      | Nine months ended   |                     | Three mon         | ths ended          |
|---|------|---------------------|---------------------|-------------------|--------------------|
|   |      | 30 September        | 30 September        | 30 September      | 30 September       |
|   | Note | 2022<br>AED         | 2021<br>AED         | 2022<br>AED       | 2021<br>AED        |
| INCOME  | NOLE | (Un-audited)        | (Un-audited)        | (Un-audited)      | (Un-audited)       |
| Commission and advisory income                                      |      | 35,739,662          | 24,704,020          | 12,152,185        | 8,615,676          |
| Income from margin trading  |      | 16,001,165          | 12,783,021          | 4,803,501         | 4,820,447          |
| Finance income<br>Other Income                                      |      | 75,801<br>7,250,283 | 32,674<br>4,339,010 | 40,654<br>670,350 | 9,784<br>1,628,514 |
|   | -    | 59,066,911          | 41,858,725          | 17,666,690        | 15,074,421         |
| EXPENSES  | _    |                     |                     |                   |                    |
|   |      |                     |                     |                   |                    |
| General and administrative<br>expenses                              | 15   | 45,905,300          | 32,183,006          | 14,445,180        | 10,819,063         |
| Financial charges   |      | 1,735,905           | 454,716             | 843,384           | 150,101            |
|   | _    | 47,641,205          | 32,637,722          | 15,288,564        | 10,969,164         |
| PROFIT FOR THE PERIOD   | _    | 11,425,706          | 9,221,003           | 2,378,126         | 4,105,257          |
| STATEMENT OF<br>COMPREHENSIVE INCOME                                |      |                     |                     |                   |                    |
| Items that will not be reclassified subsequently to profit or loss: |      |                     |                     |                   |                    |
| Other comprehensive (loss)  |      | (3,131,244)         | -                   | (3,131,244)       | -                  |
| Net other comprehensive (loss)                                      | _    |                     |                     |                   |                    |
| not to be reclassified<br>subsequently to profit or loss            |      | (3,131,244)         |                     | (3,131,244)       |                    |
|   | _    | (0,101,244)         | <u>-</u>            | (0,101,244)       |                    |
| Items that will be reclassified<br>subsequently to profit or loss:  |      |                     |                     |                   |                    |
| Net other comprehensive (loss) to                                   |      |                     |                     |                   |                    |
| be reclassified subsequently to<br>profit or loss                   |      | -                   | -                   | -                 | -                  |
| TOTAL COMPREHENSIVE   |      |                     |                     |                   |                    |
| PROFIT / (LOSS) FOR THE   |      |                     |                     |                   |                    |
| PERIOD  | =    | 8,294,462           | 9,221,003           | (753,118)         | 4,105,257          |
| Basic and diluted earnings per                                      |      |                     |                     |                   |                    |
| share (AED per share)   |      | 0.049               | 0.016               | (0.005)           | 0.016              |
|   | -    |                     |                     |                   |                    |

The attached notes 1 to 17 form an integral part of the condensed interim financial information.

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY Nine Months Ended 30 September 2022

|  | Share capital<br>AED<br>Note 10 | Treasury<br>reserve<br>AED<br>Note 10(a) | Legal shares<br>AED<br>Note 10(b) | Merger<br>reserve<br>AED<br>Note 10(d) | Fair value<br>through OCI<br>AED<br>Note 10(c) | Retained<br>earnings<br>AED | Total<br>AED              |
|--|---------------------------------|--|-----------------------------------|--|--|-----------------------------|---------------------------|
| 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 income for the period                              |                                 | (_,,,                                    | .,                                | (,,                                    | (,,  | _,,                         | ,,                        |
| Profit for the period<br>Other comprehensive income for the period     | -                               | -  | -                                 | -                                      | -  | 9,221,003                   | 9,221,003                 |
| Total comprehensive income for the period                              | -                               | -  | -                                 | -                                      | -  | 9,221,003                   | 9,221,003                 |
| Transactions with owners   |                                 |  |                                   |  |  |                             |                           |
| Total transactions with owners   | -                               | -  | -                                 | -                                      | -  | -                           | -                         |
| Balance at 30 September 2021   | 563,841,748                     | (2,000,000)                              | 4,241,735                         | (390,410,680)                          | (115,793)                                      | 11,622,112                  | 187,179,122               |
| Balance at 1 January 2022<br>Total comprehensive income for the period | 173,431,068                     | (2,000,000)                              | 5,540,272                         | -                                      | (875,793)                                      | 14,087,949                  | 190,183,496               |
| Profit for the period<br>Other comprehensive (loss) for the period     | -                               | -  | -                                 | -                                      | -<br>(3,131,244)                               | 11,425,706<br>-             | 11,425,706<br>(3,131,244) |
| Total comprehensive (loss) / income for the period                     | -                               | -  | -                                 | -                                      | (3,131,244)                                    | 11,425,706                  | 8,294,462                 |
| <u>Transactions with owners</u><br>Purchase of treasury shares         | -                               | (12,608,414)                             | _                                 | -                                      | -  | -                           | (12,608,414)              |
| Total transactions with owners   | -                               | (12,608,414)                             | -                                 | -                                      | -  | -                           | (12,608,414)              |
| Balance at 30 September 2022   | 173,431,068                     | (14,608,414)                             | 5,540,272                         | -                                      | (4,007,037)                                    | 25,513,655                  | 185,869,544               |

The attached notes 1 to 17 form an integral part of the condensed interim financial information.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS

Nine Months Ended 30 September 2022

|  | Nine months ended  |   |
|--|--|---|
| OPERATING ACTIVITIES   | 30 September<br>2022<br>AED<br>(Un-audited)                                      | 30 September<br>2021<br>AED<br>(Un-audited)                           |
| Profit for the period  | 11,425,706   | 9,221,003   |
| Adjustment for:<br>Depreciation on property and equipment<br>Amortization of intangible assets<br>Unrealized gain on investment<br>Interest on bank borrowings<br>Interest income on deposits<br>Provision for investment property valuation<br>Provision for employees' end of service benefits | 1,473,911<br>592,500<br>297,980<br>1,079,232<br>(75,801)<br>1,000,000<br>711,461 | 1,421,208<br>596,175<br>332,078<br>96,351<br>(32,674)<br>-<br>712,598 |
| Operating profit before working capital changes  | 16,504,989   | 12,346,739  |
| Change in short term deposit under lien<br>Change in prepayments and other receivables<br>Change in trade and other payables   | (5,000,000)<br>(98,941,341)<br>79,314,681  | -<br>(14,548,345)<br>2,674,113  |
| Interest received on deposits<br>Payment of gratuity   | (8,121,671)<br>75,802<br>(129,885)   | 472,507<br>32,674<br>(26,985)   |
| Cash (used in) / generated from operating activities   | (8,175,754)  | 478,196   |
| INVESTING ACTIVITIES   |  |   |
| Purchase of furniture and equipment – net<br>Purchase of financial assets through profit and loss<br>Purchase of financial assets through OCI<br>Addition in investment property   | (384,451)<br>(9,615,698)<br>(4,954,500)<br>(232,000)                             | (724,415)<br>(8,366,558)<br>-   |
| Cash flow (used in) investing activities   | (15,186,649)   | (9,090,973)   |
| FINANCING ACTIVITIES   |  |   |
| Repayment of bank borrowings<br>Interest paid on bank borrowings<br>Purchase of treasury shares<br>Additions of short term loan  | (537,852)<br>(1,079,232)<br>(12,608,414)<br>36,700,000                           | (537,852)<br>(96,351)<br>-  |
| Cash flow generated from / (used in) financing activities  | 22,474,502   | (634,203)   |
| DECREASE IN CASH AND CASH EQUIVALENTS<br>Cash and cash equivalents at 1 January  | (887,901)<br>21,824,937  | (9,246,980)<br>20,307,515   |
| CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER  | 20,937,036   | 11,060,535  |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS (continued) Nine Months Ended 30 September 2022

|  | 30 September  | 30 September  |
|--|---------------|---------------|
|  | 2022<br>AED   | 2021<br>AED   |
|  | (Un-audited)  | (Un-audited)  |
| Represented by:                                |               |               |
| Cash and bank balances                         | 394,538,320   | 165,316,939   |
| Client deposits                                | (373,601,284) | (154,256,404) |
| Cash and cash equivalents at the end of period | 20,937,036    | 11,060,535    |

The attached notes 1 to 17 form an integral part of the condensed interim financial information

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 September 2022

#### LEGAL STATUS AND PRINCIPAL ACTIVITIES 1

BHM Capital Financial Services PSC ("the Company"), was incorporated on 11 March 2006 in accordance with the provisions of UAE Federal Law No. 2 of 2015. The registered office of the Company is P.O. Box 26730, Dubai, United Arab Emirates. The current shareholding of company is as follows:

| Shareholders                              | <u>Ownership</u> |
|---|------------------|
| Mr. Khaleefa Butti Omair Yousif Almuhairi | 76.97%           |

Others

23 03%

On 14 July 2009, AI Safwa Islamic Financial Services established a subsidiary by subscribing to 10,000,000 shares of AED 1 each representing 100% equity shares in AI Safwa Capital LLC (the "subsidiary") incorporated in the Emirates of Shariah in accordance with the provision of the UAE Federal Companies Law no. 2 of 2015. On 26 November 2015 Al Safwa was listed on Dubai Financial Market ("DFM") as Private Joint Stock Company (PrJSC). The principal activity of the subsidiary is to hold investment properties and investment securities.

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

On 30 May 2019, the structure of shareholding has been changed of the Company's and it has been updated with DFM.

The name of the Company also changed from Al Safwa Mubasher Financial Services (PrJSC) to BH Mubasher Financial

Services PSC.

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 consolidated financial information have been approved by Board of Directors on 10 November 2022.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

This condensed consolidated interim financial information for the nine-months period ended 30 September 2022 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 2021.

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.

New and amended standards adopted by the Group: a)

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

- Property, Plant and Equipment: Proceeds before intended use Amendments to IAS 16
- Reference to the Conceptual Framework Amendments to IFRS 3
- Onerous Contracts Cost of Fulfilling a Contract Amendments to IAS 37 Annual Improvements to IFRS Standards 2018–2020
- New and amended standards not effective and not vet adopted by the Company b)

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:

- **IFRS 17 Insurance Contracts**
- Classification of Liabilities as Current or Non-current Amendments to IAS 1
- Disclosure of Accounting Policies Amendments to IAS 1 and IFRS Practice Statement 2 -

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2022

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

- b) <u>New and amended standards not effective and not yet adopted by the Company</u> (continued)
  - Definition of Accounting Estimates Amendments to IAS 8
  - Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to IAS 12
  - Sale or contribution of assets between an investor and its associate or joint venture Amendments to IFRS 10 and IAS 28

### 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 2021.

### 4 GOODWILL AND OTHER INTANGIBLE ASSETS

Pursuant to a merger agreement between AI 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 AI Safwa Mubasher Financial Services with effect from 8 December 2016, on completion of the formalities of the UAE exchanges. 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<br>AED | Client relationships<br>AED | Software<br>AED | Total<br>AED            |
|---|-----------------|-----------------------------|-----------------|-------------------------|
| As at 1 January 2022<br>Amortisation for the period | 38,379,061<br>- | 3,950,000<br>(592,500)      | -               | 42,329,061<br>(592,500) |
| As at 30 September 2022 (Un-<br>audited)            | 38,379,061      | 3,357,500                   |                 | 41,736,561              |
| As at 31 December 2021 (Audited)                    | 38,379,061      | 3,950,000                   |                 | 42,329,061              |
|   |                 |                             |                 |                         |

### 5 INVESTMENT PROPERTIES

|                               | 30 September<br>2022<br>AED<br>(Un-audited) | 31 December<br>2021<br>AED<br>(Audited) |
|-------------------------------|---|---|
| Cost:                         |   |   |
| As at 1 January               | 4,510,000                                   | 5,250,000                               |
| Payment during the period     | 232,000                                     | -                                       |
| Impairment loss               | (1,000,000)                                 | (740,000)                               |
| At 30 September / 31 December | 3,742,000                                   | 4,510,000                               |

The fair value of Group's investment properties as at 30 September 2022 is AED 3.7 million (31 December 2021: 4.5 million) based on unobservable market inputs (i.e. level 3). The investment property consists of warehouse constructed in Sharjah, United Arab Emirates.

The above investment property is on the name of Company 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 2022

### 6 FINANCIAL ASSETS

The Group have the following financial assets:

FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME

|   | 30 September 2022 | 31 December 2021 |
|---|-------------------|------------------|
|   | AED               | AED              |
|   | (Un-audited)      | (Audited)        |
| Investment in private joint stock company                 | 2,993,946         | 2,993,946        |
| Investment in quoted shares                               | 1,823,256         |                  |
| Total financial assets through other comprehensive income | 4,817,202         | 2,993,946        |

Company holds 2.5% of interest in a private joint stock company incorporated in the sultanate of Oman and primarily involved in real estate development.

The Company elected to present in OCI the changes in the fair value of the quoted shares investment because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

### FINANCIAL ASSETS THROUGH PROFIT AND LOSS

|  | 30 September 2022 | 31 December 2021 |
|--|-------------------|------------------|
|  | AED               | AED              |
| Investments in local and foreign quoted shares | Un-audited)       | (Audited)        |
| As at 1 January                                | 11,775,977        | 8,848,421        |
| Additions during the period                    | 9,615,698         | 2,882,818        |
| Fair value change during the period / year     | (297,980)         | 44,738           |
| As at 30 September / 31 December               | 21,093,695        | 11,775,977       |

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 2022<br>AED<br>(Un-audited) | 31 December 2021<br>AED<br>(Audited) |
|--|--|--------------------------------------|
| Receivable from customers (note 7.1)                   | 245,503,171                              | 162,671,130                          |
| Allowances for expected credit losses (note 7.2)       | (4,536,408)                              | (4,518,708)                          |
|  | 240,966,763                              | 158,152,422                          |
| Prepayments  | 1,579,324                                | 2,001,868                            |
| <u>Other receivables</u> :<br>Net settlement due from: |  |                                      |
| - NASDAQ   | 27,079                                   | 79,299                               |
| - ADX  | -  | 313,574                              |
| Deposits   | 12,013,262                               | 6,250,335                            |
| Receivable from broker                                 | 4,160,229                                | 515,210                              |
| Others   | 9,028,985                                | 1,521,593                            |
| Total prepayments and other receivable                 | 267,775,642                              | 168,834,301                          |

**7.1** As at 30 September 2022, market value of securities held as collateral amounted to AED 5.2 billion (31 December 2021: AED 1.1 billion) against receivables from customers.

# Notes to the Condensed Consolidated Interim Financial Information (continued) 30 September 2022

### 7 PREPAYMENTS AND OTHER RECEIVABLES (continued)

7.2 Movement in allowance for expected credit losses:

|  | 30 September 2022<br>AED | 31 December 2021<br>AED         |
|--|--------------------------|---------------------------------|
|  | (Un-audited)             | (Audited)                       |
| At 1 January<br>Addition of provision<br>Reversal of provision | 4,518,708<br>17,700<br>- | 47,358<br>4,500,000<br>(28,650) |
| At 30 September / 31 December                                  | 4,536,408                | 4,518,708                       |

### 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

|  | <u>Nine months ended</u> |                         |  |
|--|--------------------------|-------------------------|--|
|  | 30 September 2022        | 30 September 2021       |  |
|  | AED                      | AED                     |  |
|  | (Un-audited)             | (Un-audited)            |  |
| Salary and benefits provided to key management personnel | 5,379,889                | 3,161,664               |  |
| 9 CASH AND BANK BALANCES                                 |                          |                         |  |
|  | 30 September 2022<br>AED | 31 December 2021<br>AED |  |
|  | (Un-audited)             | (Audited)               |  |
| Cash and bank  |                          | (ridanod)               |  |
|  |                          | 04 004 744              |  |

| - Group's deposits<br>- Petty cash<br>- Customers' deposits (note 9.1) | 20,936,517<br>519<br><u>373,601,284</u> | 21,824,741<br>196<br>307,926,922 |
|--|---|----------------------------------|
| Cash and bank  | 394,538,320                             | 329,751,859                      |
| Customer deposits  | (373,601,284)                           | (307,926,922)                    |
| Cash and cash equivalents  | 20,937,036                              | 21,824,937                       |

**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 2022

### 10 SHARE CAPITAL

|                                     | 30 September 2022<br>Number of shares<br>(Un-audited) | 31 December 2021<br>Number of shares<br>(Audited) |
|-------------------------------------|---|---|
| In issue at 1 January               | 173,431,068   | 563,841,748                                       |
| Cancellation of shares (Note 10(d)) |   | (390,410,680)                                     |
| Total paid in capital (AED)         | 173,431,068   | 173,431,068                                       |

### 10(a) Treasury shares

The treasury shares represent 14,647,301 shares of the Group held by BHM Capital Financial Services PSC ("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 (as amended), 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) Fair value through OCI reserve

|                                   | 30 September 2022 | 31 December 2021 |
|-----------------------------------|-------------------|------------------|
|                                   | AED               | AED              |
|                                   | (Un-audited)      | (Audited)        |
| At 1 January                      | 875,793           | 115,793          |
| Addition during the period / year | 3,131,244         | 760,000          |
| At 30 September / 31 December     | 4,007,037         | 875,793          |

### 10(d) Merger reserve

The deficit Merger Reserve amounting AED 390 million resulted during the merger between two Companies: 1) Al Safwa Islamic Financial Services (PrJSC) ("Al-Safwa") and 2) Mubasher Financial Services LLC ("Mubasher") which happened in 2016. The deficit arising amounting AED 390 million at the transaction date was recognised as merger reserve in the Consolidated Statement of Financial Position with the corresponding credit in share capital through issuance of shares at par value i.e. AED 1 per share. Since the transaction date, there has been nil movement in the Merger Reserve.

During financial year 2021, management has reduced the share capital with the amount equivalent to the deficit merger reserve amounting AED 390 million, with the consent of the Securities & Commodities Authority in accordance with UAE Federal Law (2) of 2015 (as amended).

The movement of the merger reserve is shown in the table below.

|                                     | 30 September 2022 | 31 December 2021 |
|-------------------------------------|-------------------|------------------|
|                                     | AED               | AED              |
|                                     | (Un-audited)      | (Audited)        |
| At 1 January                        | -                 | 390,410,680      |
| Transfer to share capital (Note 10) |                   | (390,410,680)    |
| At 30 September / 31 December       |                   |                  |

# Notes to the Condensed Consolidated Interim Financial Information (continued) 30 September 2022

### 11 BANK BORROWINGS

|  | 30 September 2022<br>AED<br>(Un-audited) | 31 December 2021<br>AED<br>(Audited) |
|--|--|--------------------------------------|
| Bank borrowings (note 11(a))   | 3,705,198                                | 4,243,050                            |
| Disclosed under statement of financial position as follows:                  |  |                                      |
| Non-current portion of bank borrowings<br>Current portion of bank borrowings | 2,988,062<br>717,136                     | 3,525,914<br>717,136                 |
|  | 3,705,198                                | 4,243,050                            |

11(a) 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.

**11(b)** Short term loan amounting AED 36.7 million is interest bearing loan at an initially agreed rate of 5.5% which parties might mutually agree to adjust in future depending upon prevailing economic conditions. The loan amount is payable on demand.

### 12 TRADE AND OTHER PAYABLES

|  | 30 September 2022<br>AED | 31 December 2021<br>AED |
|--|--------------------------|-------------------------|
|  | (Un-audited)             | (Audited)               |
| Customers' deposits                      | 373,601,284              | 307,926,922             |
| Customers' deposits with foreign markets | 33,160,679               | 15,988,013              |
| Customers' Unsettled Balances            | 29,811,741               | -                       |
| Net settlement due to:                   |                          |                         |
| - Dubai Financial Market                 | 34,149,652               | 9,661,978               |
| - Abu Dhabi Securities Exchange (ADX)    | 24,144,352               | -                       |
| Short term advances                      | 13,507,012               | 31,078,549              |
| Other payables and accruals              | 23,565,818               | 22,296,033              |
| Total trade and other payables           | 531,940,538              | 386,951,495             |

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

### 13 CONTINGENT LIABILITIES

|  | 30 September 2022<br>AED<br>(Un-audited) | 31 December 2021<br>AED<br>(Audited) |
|--|--|--------------------------------------|
| Abu Dhabi Securities Exchange (ADX)        | 33,000,000                               | 23,000,000                           |
| Dubai Financial Markets (DFM)              | 16,000,000                               | 11,000,000                           |
| NASDAQ Dubai Limited (NASDAQ)              | 5,527,500                                | 5,527,500                            |
| Securities and Commodities Authority (SCA) | 1,000,000                                | 1,000,000                            |
|  | 55,527,500                               | 40,527,500                           |

The guarantees issued are secured by fixed deposits of AED 18,101,000 (31 December 2021: AED 13,101,000).

### 14 COMMITMENTS

| 30 September 2022 | 31 December 2021 |
|-------------------|------------------|
| AED               | AED              |

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued) 30 September 2022

(Un-audited)

(Audited)

Development expenditure on investment property

281,507

The Group 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 was AED 2.6 million and initilly the Group paid AED 2.38 million as per the agreement. The Group had a commitment of development expenditure on investment properties amounting to Nil (31 December 2021: AED 281,507) which has been settled with mutually agreed amount AED 232,000 during 2<sup>nd</sup> guarter of 2022.

#### 15 **GENERAL AND ADMINISTRATIVE EXPENSES**

|                                  | Nine months ended |              | Three months ended |              |
|----------------------------------|-------------------|--------------|--------------------|--------------|
|                                  | 30 September      | 30 September | 30 September       | 30 September |
|                                  | 2022              | 2021         | 2022               | 2021         |
|                                  | AED               | AED          | AED                | AED          |
|                                  | (Un-audited)      | (Un-audited) | (Un-audited)       | (Un-audited) |
| Staff cost                       | 27,006,380        | 18,424,997   | 7,735,859          | 5,874,995    |
| Trading cost                     | 5,640,588         | 4,252,596    | 1,649,123          | 1,460,312    |
| Depreciation                     | 1,473,911         | 1,421,208    | 496,579            | 478,402      |
| Amortization                     | 592,500           | 596,175      | 197,500            | 198,024      |
| Rent                             | 332,189           | 319,541      | 112,040            | 106,515      |
| Legal and Professional           | 2,299,962         | 542,053      | (484,926)          | 250,437      |
| Registration and licensing       | 648,392           | 623,993      | 238,242            | 198,555      |
| Communication                    | 245,460           | 268,349      | 81,655             | 101,962      |
| Other expenses                   | 7,665,918         | 5,734,094    | 4,419,108          | 2,149,861    |
| Total general and administrative |                   |              |                    |              |
| expenses                         | 45,905,300        | 32,183,006   | 14,445,180         | 10,819,063   |

#### 16 FAIR VALUE HIERARCHY OF ASSETS MEASURED AT FAIR VALUE

| 20 September 2022 (Up audited)                             | Level 1<br>AED | Level 2<br>AED | Level 3<br>AED | Total<br>AED |
|--|----------------|----------------|----------------|--------------|
| 30 September 2022 (Un-audited)                             |                |                |                |              |
| Financial assets – Investment at fair value through P&L    | 21,093,695     | -              | -              | 21,093,695   |
| Financial assets – Investment at fair value through OCI    |                | -              | 4,817,202      | 4,817,202    |
| 31 December 2021 (Audited)                                 |                |                |                |              |
| Financial assets – Investment at fair value<br>through P&L | 11,775,977     | -              | -              | 11,775,977   |
| Financial assets – Investment at fair value through OCI    |                | <u> </u>       | 2,993,946      | 2,993,946    |

#### 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 | 30 September |  |
|--------------|--------------|--|
| 2022         | 2021         |  |
| AED          | AED          |  |
| (Un-audited) | (Un-audited) |  |

# Notes to the Condensed Consolidated Interim Financial Information (continued) 30 September 2022

| Profit for the period attributable to shareholders of the Group | 8,294,462   | 9,221,003   |
|---|-------------|-------------|
| Weighted average number of shares outstanding during the period | 168,589,542 | 561,841,748 |
| Basic and diluted earning per share (AED per share)             | 0.049       | 0.016       |