

BHM CAPITAL FINANCIAL SERVICES PSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION Nine-months period ended

30 September 2023



BHM CAPITAL FINANCIAL SERVICES PSC CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the Nine-months period ended 30 September 2023

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RSM Dahman Auditors

Office 3110, The Burlington Tower Marasi Drive, Business Bay P.O. Box 11855, Dubai, United Arab Emirates

> T +971 (0)4 554 7423 F +971 (0)4 362 6238

> > www.rsm.ae

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 2023, comprising of the condensed consolidated interim statement of financial position as at 30 September 2023 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 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 2023, and of its financial performance and its cash flows for the nine-months period then ended in accordance with International Financial Reporting Standards.

RSM Dahman

Rakesh Pardasani

الر (ایس (ام . لحمد ان ماستون • مدفقون • استشار دون مریب • ۲۵۰۵ سیک (یون P.O.Box: 11855, Dubai - U.A.E. P.O.Box: 11855, Dubai - U.A.E. Accountants • Auditors • Consultants

Partner Ministry of Economy registration number: 5517 Dubai 20 October 2023

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BHM CAPITAL FINANCIAL SERVICES PSC

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION 30 September 2023

		30 September 2023 AED	31 December 2022 AED
ASSETS	Note	(Un-audited)	(Audited)
NON-CURRENT ASSETS			
Goodwill and other intangible assets Property and equipment Financial assets through other comprehensive income	4 5	41,135,761 8,164,247	41,539,061 9,154,325 3,806,484
Total non-current assets		49,300,008	
CURRENT ASSETS		49,300,008	54,499,870
Short term deposit under lien Financial assets through profit and loss Trade and other receivables Cash and bank balances	5 6 8	18,101,000 14,060,030 452,750,203 355,587,557	18,101,000 11,992,836 313,411,228 359,177,119
Total current assets	-	840,498,790	
Total assets	-	889,798,798	702,682,183
	-	000,100,100	757,182,053
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital Treasury shares Legal reserve Fair value through OCI reserve Retained earnings	9 9(a) 9(b)	173,431,068 (12,980,209) 7,522,557 (8,824,239) 59,206,545	173,431,068 (14,650,274) 7,522,557 (5,017,755)
Total equity	-		31,928,515
NON-CURRENT LIABILITIES		218,355,722	193,214,111
Bank borrowings Employees' end of service benefits	10 11 _	2,270,926 4,184,319	2,808,778 3,400,271
Total non-current liabilities	_	6,455,245	6,209,049
CURRENT LIABILITIES			012001010
Bank borrowings Trade and other payables	10 12	94,067,136 570,920,695	37,417,136 520,341,757
Total current liabilities		664,987,831	557,758,893
Total equity and liabilities	_	889,798,798	757,182,053
Independent auditors' review report on page 1.	-		
	1	<u> </u>	

Abdel Hadi AL Sadi

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 2023

-

(753,118)

0.015

		Nine months ended		Three mont	hs ended
	Note	30 September 2023 AED (Un-audited)	30 September 2022 AED (Un-audited)	30 September 2023 AED (Un-audited)	30 September 2022 AED (Un-audited)
INCOME					
Commission and advisory income Income from margin trading Finance income Other Income		57,475,400 29,011,758 127,571 9,595,847	35,739,662 16,001,165 75,801 7,250,283	23,481,866 11,942,495 48,112 1,840,897	12,152,185 4,803,501 40,654 670,350
		96,210,576	59,066,911	37,313,370	17,666,690
EXPENSES					
General and administrative expenses Allowances for expected credit	14	(63,210,307)	(45,905,300)	(22,579,388)	(14,445,180)
loss Financial charges		(2,400) (5,719,839)	(1,735,905)	(2,267,679)	- (843,384)
		(68,932,546)	(47,641,205)	(24,847,067)	(15,288,564)
PROFIT FOR THE PERIOD		27,278,030	11,425,706	12,466,303	2,378,126
STATEMENT OF COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Other comprehensive loss Net other comprehensive loss not to be reclassified subsequently to		(3,806,484)	(3,131,244)	(3,776,757)	(3,131,244)
profit or loss		(3,806,484)	(3,131,244)	(3,776,757)	(3,131,244)
Items that will be reclassified subsequently to profit or loss:					

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

8,294,462

0.068

8,689,546

0.080

23,471,546

0.173

Net other comprehensive income to be reclassified subsequently to

Basic and diluted earnings per

share (AED per share)

TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE

profit or loss

PERIOD

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

Nine Months Ended 30 September 2023

	Share capital AED	Treasury shares AED	Legal reserve AED	Fair value through OCI AED	Retained earnings AED	Total AED
	Note 9	Note 9(a)	Note 9(b)			
Balance at 1 January 2022	173,431,068	(2,000,000)	5,540,272	(875,793)	14,087,949	190,183,496
Total comprehensive income for the period						
Profit for the period	-	-	-	-	11,425,706	11,425,706
Other comprehensive loss for the period	-	-	-	(3,131,244)	-	(3,131,244)
Total comprehensive income for the period	-	-	-	(3,131,244)	11,425,706	8,294,462
Transactions with owners						
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
Balance at 1 January 2023	173,431,068	(14,650,274)	7,522,557	(5,017,755)	31,928,515	193,214,111
Total comprehensive income for the period						
Profit for the period	-	-	-	-	27,278,030	27,278,030
Other comprehensive loss for the period	-	-	-	(3,806,484)	-	(3,806,484)
Total comprehensive income for the period	-	-	-	(3,806,484)	27,278,030	23,471,546
Transactions with owners						
Purchase of treasury shares	-	(4,358,012)	-	-	-	(4,358,012)
Distribution of treasury shares	-	6,028,077	-	-	-	6,028,077
Total transactions with owners	-	1,670,065	-	-	-	1,670,065
Balance at 30 September 2023	173,431,068	(12,980,209)	7,522,557	(8,824,239)	59,206,545	218,355,722

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS (continued) Nine Months Ended 30 September 2023

	Nine months ended	
	30 September 2023 AED	30 September 2022 AED
OPERATING ACTIVITIES	(Un-audited)	(Un-audited)
Profit for the period	27,278,030	11,425,706
Adjustment for: Depreciation on property and equipment	1,502,540	1,473,911
Amortization of intangible assets	592,500	592,500
Unrealized gain on investment	200,796	297,980
Interest on bank borrowings	2,305,669	1,079,232
Interest income on deposits	(127,571)	(75,801)
Provision for investment property valuation	-	1,000,000
Provision for employees' end of service benefits	952,101	711,461
Operating profit before working capital changes	32,704,065	16,504,989
Change in short term deposit under lien	-	(5,000,000)
Change in trade and other receivables	(139,338,975)	(98,941,341)
Change in trade and other payables	88,324,473	79,314,681
	(18,310,437)	(8,121,671)
Interest received on deposits	127,571	75,801
Payment of gratuity	(168,053)	(129,885)
Cash (used in) from operating activities	(18,350,918)	(8,175,755)
INVESTING ACTIVITIES		
Purchase of furniture and equipment – net	(701,665)	(384,451)
(Purchase) / Disposal of financial assets through profit and loss	(2,267,990)	(9,615,698)
Addition in investment property	-	(232,000)
(Purchase) / Disposals of financial assets through OCI	<u> </u>	(4,954,500)
Cash (used in) investing activities	(2,969,655)	(15,186,649)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(537,853)	(537,852)
Interest paid on bank borrowings	(2,305,669)	(1,079,232)
Purchase of treasury shares	(4,358,012)	(12,608,414)
Disposal of treasury shares	6,028,077	-
Additions of Bank Facility	75,000,000	-
Additions/(Repayment) of short-term loans	(18,350,000)	36,700,000
Cash flow from financing activities	55,476,543	22,474,502

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS (continued)

Nine Months Ended 30 September 2023

	Nine months ended	
	30 September 2023	30 September 2022
	AED	AED
	(Un-audited)	(Un-audited)
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS Cash and cash equivalents at beginning of period	34,155,970 28,539,357	(887,901) 21,824,937
CASH AND CASH EQUIVALENTS AT 30 September	62,695,327	20,937,036
Represented by:		
Cash and bank balances Customers' deposits	355,587,557 (292,892,230)	394,538,320 (373,601,284)
Cash and cash equivalents at the end of period	62,695,327	20,937,036

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 2023

1 LEGAL STATUS AND PRINCIPAL ACTIVITIES

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 shareholding of company is as follows:

Shareholders	30 September 2023	31 December 2022
Jordan Kuwait Bank Mr. Khaleefa Butti Omair Yousif Almuhairi Others	76.97% - 23.03%	- 76.97% 23.03%

During the period on 6 June 2023, shares held by Mr. Khaleefa Butti Omair Yousif Almuhairi were sold to Jordan Kuwait Bank. Subsequent to the period ended, as on 4 October 2023, 116,146,786 shares (constituting 66.97 of the total share capital) were acquired by EIH Financial Services L.L.C – O.P.C. from Jordan Kuwait Bank.

The condensed consolidated financial information comprises 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 interim financial information has been approved by Board of Directors on 20 October 2023.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim condensed financial statements for the nine months period ended 30 September 2023 have been prepared in accordance with IAS 34 Interim Financial Reporting. The Company has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2022.

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. However, not all are expected to impact the Group's as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

The following new standards and amendments are effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors).

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 2022.

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	Client relationships	Software	Capital WIP	Total
	AED	AĖD	AED	AED	AED
As at 1 January 2023	38,379,061	3,160,000	-	-	41,539,061
Additions during the period	-	-	65,000	124,200	189,200
As at 30 September 2023	38,379,061	3,160,000	65,000	124,200	41,728,261
Amortization for the period	-	(592,500)			(592,500)
As at 30 September 2023 <i>(Un-audited)</i>	38,379,061	2,567,500	65,000	124,200	41,135,761
As at 31 December 2022 (Audited)	38,379,061	3,160,000			41,539,061

5 FINANCIAL ASSETS

The Group have the following financial assets:

FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2023	31 December 2022
	AED	AED
	(Un-audited)	(Audited)
Investment in private joint stock company	-	2,993,946
Investment in quoted shares		812,538
Total financial assets through other comprehensive income		3,806,484

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Listed	Unlisted	Total
	AED	AED	AED
As at 1 January 2022 Addition Change in fair value	4,954,500 (4,141,962)	2,993,946 - -	2,993,946 4,954,500 (4,141,962)
As at 31 December 2022	812,538	2,993,946	3,806,484
Change in fair value	(812,538)	(2,993,946)	(3,806,484)
As at 30 September 2023	-	-	-

Investment in private joint stock company classified as fair value through other comprehensive income (FVTOCI) represents 2.5% of interest held in National Real Estate Development and Investment SAOC, a private joint stock company incorporated in the Sultanate of Oman and primarily involved in real estate development. The investment was acquired through the business combination.

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.

5 FINANCIAL ASSETS (continued)

FINANCIAL ASSETS THROUGH PROFIT AND LOSS

	30 September 2023	31 December 2022
	AED	AED
Investments in local and foreign quoted shares	Un-audited)	(Audited)
As at 1 January	11,992,836	11,775,977
Additions during the period / year	2,267,990	711,871
Fair value change during the period / year	(200,796)	(495,012)
As at 30 September / 31 December	14,060,030	11,992,836

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

6 TRADE AND OTHER RECEIVABLES

	30 September 2023 AED	31 December 2022 AED
	(Un-audited)	(Audited)
Receivable from customers (note 6.1)	411,381,557	260,308,538
Allowances for expected credit losses (note 6.2)	(4,538,808)	(4,536,408)
	406,842,749	255,772,130
Prepayments	3,048,394	1,359,257
Other receivables:		
Net settlement due from:		
- Dubai Financial Market (DFM)	-	13,036,944
Deposits	18,981,997	8,429,518
Receivable from broker	21,282,123	3,673,672
Others	2,594,940	31,139,707
Total trade and other receivable	452,750,203	313,411,228

6.1 As at 30 September 2023, market value of securities held as collateral amounted to AED 7.6 billion (31 December 2022: AED 2.1 billion) against receivables from customers.

6.2 Movement in allowance for expected credit losses:

	30 September 2023 AED (Un-audited)	31 December 2022 AED (Audited)
At 1 January Addition during the period / year	4,536,408 2,400	4,518,708 17,700
At 30 September / 31 December	4,538,808	4,536,408

7 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:

7(a) Transactions during the period

	Nine months ended		
	30 September 2023 30 September 20		
	AED	AED	
	(Un-audited)	(Un-audited)	
Salary and benefits provided to key management personnel	5,912,278	5,379,889	

8 CASH AND BANK BALANCES

Cash and bank	30 September 2023 AED (Un-audited)	31 December 2022 AED (Audited)
- Group's deposits - Petty cash - Customers' deposits (note 8.1)	62,695,167 160 <u>292,892,230</u>	28,539,231 124 <u>330,637,764</u>
Cash and bank	355,587,557	359,177,119
Customer deposits	(292,892,230)	(330,637,764)
Cash and cash equivalents	62,695,327	28,539,355

8.1 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.

9 SHARE CAPITAL

	30 September 2023 Number of shares (Un-audited)	31 December 2022 Number of shares (Audited)
Total paid in capital (AED)	173,431,068	173,431,068

9(a) Treasury shares

The treasury shares represent 11,843,106 shares (31 December 2022: 14,688,143 shares) valued at AED 12,980,209 (31 December 2022: AED 14,650,274) of the Group held by BHM Capital Financial Services PSC ("the Company").

9(b) Legal reserve

In accordance with UAE Federal Law (32) of 2021, a minimum of 10% of the annual profit is to be transferred to this nondistributable statutory reserve. Such transfers may cease when the statutory reserve becomes equal to half of the paid-up share capital. The transfer to statutory reserve is only made at the end of the year.

10 BANK BORROWINGS

	30 September 2023 AED (Un-audited)	31 December 2022 AED (Audited)
Ijarah Facility (note a) Short-term borrowings (note b)	2,988,062 18,350,000	3,525,914 36,700,000
Bank overdraft (note c)	75,000,000	
	96,338,062	40,225,914
Disclosed under statement of financial position as follows:		
Non-current portion of borrowings Current portion of borrowings	2,270,926 94,067,136	2,808,778 37,417,136
	96,338,062	40,225,914

- 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.
- b. Short term loan amounting AED 18.35 million is interest bearing loan which is re-payable on demand
- c. The Company has obtained a bank overdraft facility of AED 75 million (31 December 2022: AED 45 million). As on the reporting date, the Company has drawn down AED 75 million (31 December 2022: Nil). The loan amount is re-payable within a year

At the reporting date, the Group has below letters of guarantee from bank

<i>Facility</i> Letters of guarantee		<i>Limit (AED)</i> 50,000,000
11 EMPLOYEES' END OF SERVICE BENEFITS		
	30 September 2023 AED (Un-audited)	31 December 2022 AED (Audited)
Balance as on 1 January Charge for the period / year Paid during the period / year	3,400,271 952,101 (168,053)	2,596,698 977,868 (174,295)
Balance as on 30 September / 31 December	4,184,319	3,400,271

12 TRADE AND OTHER PAYABLES

	30 September 2023 AED (Un-audited)	31 December 2022 AED (Audited)
Customers' deposits	292,892,230	330,637,764
Customers' deposits with foreign markets	52,190,045	37,560,507
Net settlement due to		
- Dubai Financial Market (DFM)	23,062,156	-
- Abu Dhabi Securities Exchange (ADX)	22,813,471	40,355,969
- NASDAQ Dubai (NASDAQ)	- · · · ·	1,149
Short term advances	6,957,012	10,507,012
Other payables and accruals	173,005,781	101,279,356
Total trade and other payables	570,920,695	520,341,757
13 CONTINGENT LIABILITIES		
	30 September 2023	31 December 2022

	AED (Un-audited)	AED (Audited)
Abu Dhabi Securities Exchange (ADX)	33,000,000	33,000,000
Dubai Financial Markets (DFM) NASDAQ Dubai Limited (NASDAQ)	17,000,000 5,527,500	17,000,000 5,527,500
	55,527,500	55,527,500

The guarantees issued are secured by fixed deposits of AED 19,196,900 (31 December 2022: AED 19,196,900).

14 GENERAL AND ADMINISTRATIVE EXPENSES

	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2023	2022	2023	2022
	AED	AED	AED	AED
	(Un-audited)	(Un-audited)	(Un-audited)	(Un-audited)
Staff cost	42,135,316	27,006,381	15,065,855	7,735,860
Trading cost	6,190,658	5,640,590	1,953,589	1,649,125
Depreciation	1,502,540	1,473,910	498,720	496,577
Amortization	592,500	592,500	197,500	197,500
Short term lease expense	325,357	332,189	101,276	112,040
Legal and Professional	2,105,775	2,299,962	903,022	(484,926)
Registration and licensing	795,178	648,392	270,965	238,242
Communication	204,414	245,460	57,322	81,655
Other expenses	9,358,569	7,665,919	3,531,139	4,419,109
	63,210,307	45,905,300	22,579,388	14,445,182

15 FAIR VALUE HIERARCHY OF ASSETS MEASURED AT FAIR VALUE

30 September 2023 (Un-audited)	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Financial assets – Investment at fair value through P&L Financial assets – Investment at fair value through OCI	14,060,030 -	-	-	14,060,030
31 December 2022 (Audited)				
Financial assets – Investment at fair value through P&L Financial assets – Investment at fair value	11,992,836	-	-	11,992,836
through OCI	812,538	-	2,993,946	3,806,484

16 BASIC 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 2023	30 September 2022
	AED	AED
	(Un-audited)	(Un-audited)
Profit for the period attributable to shareholders of the Group	27,278,030	11,425,706
Weighted average number of shares outstanding during the period	157,257,400	168,589,542
Basic and diluted earnings per share (AED per share)	0.173	0.068

17 SUBSEQUENT EVENTS

Subsequent to the reporting date, as on 4 October 2023, the majority shareholder of the Company has changed. EIH Financial Services LLC – OPC has acquired the majority stake in the Company.

18 SIGNIFICANT EVENTS

Corporate Income Tax

On 9 December 2022, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

A rate of 9% will apply to taxable income exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance), a rate of 0% will apply to taxable income not exceeding this threshold [and a rate of 0% on qualifying income of free zone entities]. In addition, there are several other decisions that are yet to be finalized by way of a Cabinet Decision that are significant in order for entities to determine their tax status and taxable income. Therefore, pending such important decisions, the Group has considered that the Law, as it currently stands, is not substantively enacted as at 30 June 2023 from the perspective of IAS 12 – Income Taxes.

The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Group is currently in the process of assessing the possible impact on the financial statements, both from current and deferred tax perspective once the Law becomes substantively enacted.