

Al Safwa Islamic
Financial Services (PrJSC)

Condensed consolidated interim
financial information
30 September 2016

Al Safwa Islamic Financial Services (PrJSC)

Condensed consolidated interim financial information (Reviewed)

For the nine-month period ended 30 September 2016

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Independent auditors' report on review of condensed consolidated interim financial information

The shareholders
Al Safwa Islamic Financial Services (PrJSC)

Introduction

We have reviewed the accompanying 30 September 2016 condensed consolidated interim financial information of Al Safwa Islamic Financial Services (PrJSC) ("the Company") and its subsidiary ("the Group"), consisting of:

- the condensed consolidated interim statement of financial position as at 30 September 2016;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three-month period and nine-month periods ended 30 September 2016;
- the condensed consolidated interim statement of changes in equity for the nine-month period ended 30 September 2016;
- the condensed consolidated interim statement of cash flows for the nine-month period ended 30 September 2016; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed consolidated 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 30 September 2016 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

KPMG Lower Gulf Limited
Vijendra Nath Malhotra
Registration No: 48
Date: 31 OCT 2016

Al Safwa Islamic Financial Services (PrJSC)

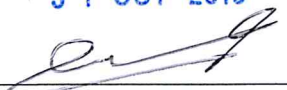
Condensed consolidated interim statement of financial position

As at 30 September 2016

		30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
Assets			
Non-current assets			
Property and equipment		3,087,853	3,461,557
Investment properties	3	12,937,026	12,311,394
Total non-current assets		16,024,879	15,772,951
Current assets			
Available-for-sale investment	4	3,923,864	4,648,709
Trade receivables, deposits, prepayments and other receivables	5	38,960,442	42,505,736
Amount due from related parties	6	17,095,254	7,551,432
Cash and bank balances	8	32,030,769	35,757,122
Total current assets		92,010,329	90,462,999
Total assets		108,035,208	106,235,950
Equity			
Share capital		129,841,748	129,841,748
Statutory reserve		3,631,718	3,631,718
Treasury shares		(2,000,000)	(2,000,000)
Accumulated losses		(51,287,597)	(46,512,850)
Total equity		80,185,869	84,960,616
Liabilities			
Non-current liabilities			
Employees' end of service benefits	9	517,872	664,374
Current liabilities			
Trade and other payables	10	27,091,467	20,140,688
Amount due to related parties	6	240,000	470,272
Total current liabilities		27,331,467	20,610,960
Total liabilities		27,849,339	21,275,334
Total equity and liabilities		108,035,208	106,235,950

The notes on pages 7 to 16 are an integral part of the condensed consolidated interim financial information.

The condensed consolidated interim financial information were approved and authorised for issue by the Board of Directors on 31 OCT 2016 and signed on its behalf by:


Chairman

The review report of the Auditors' is set out on page 1 to 2.

Al Safwa Islamic Financial Services (PrJSC)

Condensed consolidated interim statement of profit or loss and other comprehensive income

For the nine-month period ended 30 September 2016

		Three-month period ended 30 September 2016 AED	Three-month period ended 30 September 2015 AED	Nine-month period ended 30 September 2016 AED	Nine-month period ended 30 September 2015 AED
	<i>Note</i>	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
Commission income		482,529	1,076,784	3,129,909	4,097,242
Other income		145,191	79,243	401,047	235,942
Realised gain on disposal of available for sale investment	4.2	-	-	219,409	-
Unrealised loss on investment at fair value through profit or loss		-	(116,052)	-	(650,650)
Dividend income		-	-	177,885	181,787
Total income		627,720	1,039,975	3,928,250	3,864,321
Staff salaries and benefits	11	(1,328,727)	(1,210,267)	(3,913,809)	(3,317,509)
Advertisement and business promotion		-	-	(13,503)	(4,556)
Administrative and general expenses	12	(762,508)	(974,907)	(4,096,038)	(3,043,400)
Impairment charge	7	9,837	-	(679,647)	-
Net loss for the period		(1,453,678)	(1,145,199)	(4,774,747)	(2,501,144)
<i>Other comprehensive income</i>					
Available-for-sale investment - net change in fair value		-	-	(219,409)	-
Available-for-sale investment - reclassified to profit or loss		-	-	219,409	-
Total comprehensive loss for the period		(1,453,678)	(1,145,199)	(4,774,747)	(2,501,144)

The notes on pages 7 to 16 are an integral part of the condensed consolidated interim financial information.

The review report of the Auditors' is set out on page 1 to 2.

Al Safwa Islamic Financial Services (PrJSC)

Condensed consolidated interim statement of changes in equity

For the nine-month period ended 30 September 2016

	Share capital AED	Statutory reserve AED	Treasury shares AED	Fair value reserve AED	Accumulated losses AED	Total AED
At 1 January 2016	129,841,748	3,631,718	(2,000,000)	-	(46,512,850)	84,960,616
Total comprehensive income						
Loss for the period	-	-	-	-	(4,774,747)	(4,774,747)
Other comprehensive income	-	-	-	-	-	-
Available for sale investment - net change in fair value	-	-	-	219,409	-	219,409
Available for sale investment - reclassified to profit or loss	-	-	-	(219,409)	-	(219,409)
Total comprehensive loss for the period	-	-	-	-	(4,774,747)	(4,774,747)
At 30 September 2016 (Reviewed)	129,841,748	3,631,718	(2,000,000)	-	(51,287,597)	80,185,869
At 1 January 2015	129,841,748	3,631,718	(2,000,000)	-	(37,438,742)	94,034,724
Total comprehensive income						
Loss for the period	-	-	-	-	(2,501,144)	(2,501,144)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(2,501,144)	(2,501,144)
Transactions with owners, recorded directly in equity						
Dividend declared (refer note 13)	-	-	-	-	(6,392,087)	(6,392,087)
Directors' fees (refer note 14)	-	-	-	-	(490,000)	(490,000)
Reversal of dividend (refer note 13)	-	-	-	-	290,000	290,000
At 30 September 2015 (Reviewed)	129,841,748	3,631,718	(2,000,000)	-	(46,531,973)	84,941,493
	=====	=====	=====	=====	=====	=====

The notes on pages 7 to 16 are an integral part of the condensed consolidated interim financial information.
The review report of the Auditors' is set out on page 1 to 2.

Al Safwa Islamic Financial Services (PrJSC)

Condensed consolidated interim statement of cash flow

For the nine-month period ended 30 September 2016

	30 September 2016 AED (Reviewed)	30 September 2015 AED (Reviewed)
Cash flows from operating activities		
Net loss for the period	(4,774,747)	(2,501,144)
<i>Adjustments for:</i>		
Depreciation	373,703	605,898
Provision for employees' end of service benefits	123,000	56,000
Provision for doubtful debts	679,647	-
Realised gain on available for sale investment	(219,409)	-
Dividend income	(177,885)	(181,787)
Profit from murabaha	(401,047)	(235,941)
<i>Operating loss before changes in working capital</i>	<u>(4,396,738)</u>	<u>(2,256,974)</u>
Working capital changes:		
Change in trade receivables, deposits, prepayments and other receivables	2,865,647	(16,879,417)
Change in amount due from related parties	(9,543,822)	3,297,905
Change in trade and other payables	(526,030)	10,787,462
Change in amount due to related parties	(230,272)	-
<i>Cash flows used in operating activities</i>	<u>(11,831,215)</u>	<u>(5,051,024)</u>
Less: Employees' end of service benefits paid	(269,502)	-
<i>Net cash used in operating activities</i>	<u>(12,100,717)</u>	<u>(5,051,024)</u>
Cash flows from investing activities		
Acquisition of property and equipment	-	(46,889)
Proceeds from disposal of investment property	-	5,229,360
Proceeds from disposal of available from sale investment	944,255	-
Dividend income	177,885	181,787
Profit received from murabaha	401,047	235,941
Development expenditure on investment property	(625,632)	(516,838)
<i>Net cash flows generated from/(used in) investing activities</i>	<u>897,555</u>	<u>(5,083,661)</u>
Cash flows from financing activities		
Dividend to shareholders	-	(6,292,087)
Directors' bonus	-	(490,000)
<i>Net cash flows used in financing activities</i>	<u>-</u>	<u>(6,782,087)</u>
Net change in cash and cash equivalents	<u>(11,203,162)</u>	<u>(6,749,750)</u>
Cash and cash equivalents at 1 January	15,104,919	14,571,834
Cash and cash equivalents at 30 September	<u>3,901,757</u>	<u>7,822,084</u>
Cash and cash equivalents at the end of period comprising of:		
Cash at bank and in hand (refer note 8)	32,030,769	34,343,961
Client deposits	(28,129,012)	(26,521,877)
	<u>3,901,757</u>	<u>7,822,084</u>

The notes on pages 6 to 14 are an integral part of the condensed consolidated interim financial information.

The review report of the Auditors' is set out on page 1.

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

1 Legal status and principal activities

Al Safwa Islamic Financial Services (PJSC) ("the Company") was incorporated on 11 March 2006 in accordance with the provisions of UAE Federal Companies Law No.8 of 1984.

On 26 November 2015, the Company has been listed on the Dubai Financial Market ("DFM") as a Private Joint Stock Company (PrJSC).

The principal activity of the Company is brokerage services in local shares and bonds.

On 14 July 2009, the Group established a subsidiary by subscribing to 10,000,000 shares of AED 1 each representing 100% equity 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.

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

The registered office of the Group is P.O. Box 185085, Dubai, United Arab Emirates.

2 Significant accounting policies

a) Statement of compliance

The condensed consolidated interim financial information have been prepared in accordance with International Financial Reporting Standards ("IFRS") IAS 34 "Interim Financial Reporting" and comply with the requirements of UAE Federal Law No. 2 of 2015. UAE Federal Law no 2 of 2015 being the Commercial Companies Law ("the UAE Companies Law of 2015") was issued on 1 April 2015 to come into force on 1 July 2015 repealing the old UAE Federal Law No. 8 of 1984 (as amended). Companies are mandated to comply with the UAE Companies Law of 2015 by 30 June 2017.

The condensed consolidated interim financial information do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2015 which have been prepared in accordance with IFRS.

b) Basis of preparation

The condensed consolidated interim financial information has been prepared on the historical cost basis, except for available for sale investments, investments at fair value through profit or loss (FVTPL) and investment properties, which are measured at fair value.

The accounting policies and methods of computation adopted by the Group in preparation of these condensed consolidated interim financial information are the same as those applied by the Group in its annual audited consolidated financial statements as at 31 December 2015.

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

2 Significant accounting policies (continued)

b) Basis of preparation (continued)

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the annual audited consolidated financial statements of the Group as at and for the year ended 31 December 2015.

The condensed consolidated interim financial information has been prepared in UAE Dirham's ("AED"), which is the functional currency of the Group.

c) 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 2015.

3 Investment properties

Properties in UAE (Land)

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
At 1 January	12,311,394	14,646,964
Unrealised gain on change in fair value during the period/year	-	2,021,986
Disposal of investment properties	-	(5,229,360)
Development expenditure (refer note 16.2)	625,632	871,804
	-----	-----
	12,937,026	12,311,394
	=====	=====

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

4 Available-for-sale investment

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
National Mass Housing Company (refer note 4.1) (625,000 shares)	3,923,864	3,923,864
Dubai Parks and Resorts (refer note 4.2) (717,668 shares)	-	724,845
	----- 3,923,864 =====	----- 4,648,709 =====

The Group has recorded these investments at cost as at the reporting date. Management believes that the fair value of these investments is not significantly different from its carrying value.

- 4.1 During the period, the Group has received dividend amounting to AED 177,885 (30 Sep 2015: AED 181,787) from National Mass Housing Company.
- 4.2 During the period, the Group has disposed of its entire investments in Dubai Parks and Resorts and recognised a realised gain of AED 219,409 (30 September 2015: nil).

5 Trade receivables, deposits, prepayments and other receivables

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
Receivable from customers (refer note 5.1)	8,709,775	8,845,923
Less: Allowance for impairment losses (refer note 5.2)	(1,170,102)	(804,404)
	-----	-----
Net receivable from customers	7,539,673	8,041,519
Other financial assets-margin deposits (refer note 16.1)	30,000,000	30,000,000
Settlement due from Dubai Financial Market ("DFM")	148,290	3,006,779
Settlement due from Abu Dhabi Securities Exchange ("ADX")	-	712,504
Prepayments	893,562	583,455
Refundable deposits	15,000	15,000
Other receivables	363,917	146,479
	----- 38,960,442 =====	----- 42,505,736 =====

- 5.1 As at 30 September 2016, market value of securities held as collateral amounted to AED 7.1 million (31 December 2015: AED 7.7 million) against the above receivables.

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

5 Trade receivables, deposits, prepayments and other receivables (continued)

5.2 Movement in allowance for impairment of receivables:

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
At 1 January	804,404	4,037,950
Charge for the period/year	439,605	519,629
Write off	-	(2,014,928)
Release of provision	(73,907)	(1,738,247)
	-----	-----
Closing balance	1,170,102	804,404
	=====	=====

6 Related party transactions

The Group enters into transactions with companies, individuals and entities that fall within the definition of a related party as stipulated in International Accounting Standard 24 “Related Party Disclosures”. Related parties comprise of shareholders, directors and key management personnel of the Group and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group’s management.

Details of transactions carried out with related parties during the nine month period ended 30 September 2016 are as follows:

	30 September 2016 AED (Reviewed)	30 September 2015 AED (Reviewed)
Transaction with shareholders		
Commission income	1,694,915	286,270
Dividend to shareholders	-	6,392,087
	=====	=====
Compensation of key management personnel		
Short term benefits	1,260,000	630,000
Long term benefits	52,500	15,000
	=====	=====
Transaction with directors		
Directors’ fees	-	490,000
	=====	=====

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

6 Related party transactions (continued)

Details of balances with related parties as at the balance sheet date are as follows:

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
Balances with related parties		
Due from related parties		
Amount due from shareholders (refer note 6.1)	17,095,254 =====	7,551,432 =====
Due to related parties		
Amount due to shareholders	240,000 =====	470,272 =====

- 6.1** Due from shareholders includes past due balance of greater than 90 days amounting to AED 2 million (31 December 2015: AED 9 million) against which no provision has been made as these are considered to be recoverable by the directors.

As at 30 September 2016, market value of securities held as collateral amounted to AED 17.1 million (31 December 2015: AED 7 million) against these receivables.

During the period, the Group has written off a receivable balance with a shareholder amounting to AED 2 million (31 December 2015: AED 2.7 million) against which a provision of AED 1.7 million was held.

7 Impairment charge

	30 September 2016 AED (Reviewed)	30 September 2015 AED (Reviewed)
Charge for the period on receivable from customers (refer note 5.2)	439,605	-
Release of provision on receivable from customers (refer note 5.2)	(73,907)	-
Write-off of amount due from shareholder (refer note 6.1)	313,949	-
	----- 679,647 =====	----- - =====

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

8 Cash and bank balances

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
Bank balances		
- Client deposits (refer note 8.1)	28,129,012	20,652,203
- Group's bank balance – current account	3,888,932	15,090,370
Cash in hand	12,825	14,549
	-----	-----
	32,030,769	35,757,122
	=====	=====

- 8.1** In accordance with the regulations issued by the Emirates Securities and Commodities Authority (“ESCA”), the Group maintains separate bank accounts for advances received from its customers (“clients’ money”). The clients’ money is not available to the Group other than to settle transactions executed on behalf of the customers.

9 Employees’ end of service benefits

Movement of end of service benefits are as follows:

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
Provision at the beginning of the period/year	664,374	416,055
Provided during the period/year	123,000	257,819
Paid during the period/year	(269,502)	(9,500)
	-----	-----
Provisions as at the end of the period/year	517,872	664,374
	=====	=====

10 Trade and other payables

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
Client money	25,641,909	19,739,001
Other liabilities	577,871	401,687
Settlement due to Abu Dhabi Securities Exchange (“ADX”)	871,687	-
	-----	-----
	27,091,467	20,140,688
	=====	=====

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

11 Staff salaries and benefits

	30 September 2016 AED (Reviewed)	30 September 2015 AED (Reviewed)
Staff salaries	3,790,809	3,261,509
End of service benefits	123,000	56,000
	-----	-----
	3,913,809	3,317,509
	=====	=====

12 Administrative and general expenses

	30 September 2016 AED (Reviewed)	30 September 2015 AED (Reviewed)
Market expenses	567,190	462,751
Rent	89,852	87,431
Legal and professional expenses	1,706,844	388,146
Repair and maintenance	56,005	86,658
Printing and stationery	2,791	4,513
Depreciation expenses	373,703	605,898
Utilities	55,695	58,608
Communication expense	273,461	427,868
Bank charges	490,108	257,659
Other expenses	480,388	663,868
	-----	-----
	4,096,037	3,043,400
	=====	=====

13 Dividend declared

At the annual general meeting held on 21 April 2016, it was resolved to pay Nil dividend to the shareholders relating to the year ended 31 December 2015 (2015: AED 6.4 million relating to the year ended 31 December 2014). The Group has paid dividend of AED 6.1 million relating to the year ended 31 December 2014 and the remaining balance of AED 0.2 million is appearing in due to related parties as at 30 September 2016 (refer note 6).

As of 31 December 2014, the Group had a dividend payable of AED 290,000 to its shareholder. However, based on the mutual understanding between the parties, this liability has been reversed by the Company during the year ended 31 December 2015.

14 Directors' Fees

At the annual general meeting held on 21 April 2016, it was resolved to pay Nil directors' fees relating to the year ended 31 December 2015 (2015: AED 0.5 million relating to the year ended 31 December 2014).

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

15 Accounting estimates and judgments

Significant items where the use of estimates and judgments are required are outlined below:

(i) Impairment of receivable from customers

The Group reviews its receivable balances to assess impairment on a regular basis. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(ii) Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using other valuation techniques.

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

15 Accounting estimates and judgments (continued)

a) Fair value hierarchy of assets measured at fair value

	Level 1 AED	Level 2 AED	Level 3 AED
30 September 2016 (Reviewed)			
Financial assets – Available-for-sale investments	-	-	3,923,864
Non financial assets - Investment properties	- =====	12,937,026 =====	- =====
31 December 2015 (Audited)			
Financial assets - Available-for-sale investments	724,845	-	3,923,864
Non financial assets - Investment properties	- =====	12,311,394 =====	- =====

There is no movement in the fair value of available-for-sale investment and hence, a level 3 reconciliation is not presented.

16 Contingent liabilities and capital commitments

	30 September 2016 AED (Reviewed)	31 December 2015 AED (Audited)
Letters of guarantee (refer note 16.1)	50,000,000	50,000,000
Development expenditure on investment property (refer note 16.2)	602,564 =====	1,228,196 =====

16.1 The Group has arranged bank guarantees amounting to AED 35,000,000 and AED 15,000,000 to the Dubai Financial Market (“DFM”) and Abu Dhabi Securities Exchange (“ADX”), for the Group’s fulfilment of obligations under the contract / agreement with DFM and ADX (31 December 2015: AED 35,000,000 for DFM and AED 15,000,000 for ADX). The guarantees are secured against the margin deposit of AED 30,000,000 (31 December 2015: AED 30,000,000) placed with an Islamic Bank.

16.2 The Group had signed an agreement with a contractor on 2 February 2014 to construct six sheds on a land which is classified as investment property in the Group’s consolidated financial statements. The total value of the contract is AED 2.6 million and as at the reporting date the Group has paid AED 2 million as per the agreement (AED 0.6 million in 2016, AED 0.9 million in 2015 and AED 0.5 million in 2014).

Al Safwa Islamic Financial Services (PrJSC)

Notes to the condensed consolidated interim financial information

17 Proposed merger

Pursuant to an agreement dated 21 January 2016, the Company and Mubasher Financial Services LLC irrevocably agreed to merge into a new private joint stock company, “Al Safwa Mubasher for Financial Services (PJSC)” (“Merged Entity”) in accordance with the provisions of the Federal Law No. (2) of 2015. The shareholders of the Company are expected to hold 23% interest in the Merged Entity and the remaining 77% will be held by the shareholders of Mubasher Financial Services LLC. All procedures required for completion of the merger are currently underway and the transaction is subject to the approval from the Ministry of Economy & Commerce of UAE and other relevant regulatory authorities.

Approval from Ministry of Economy & Commerce was provided on 19 September 2016.

18 Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in these condensed consolidated interim financial information.