AL SAFWA MUBASHER FINANCIAL SERVICES PRJSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Three month period ended

31 March 2019

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RSM

Al Safwa Mubasher Financial Services PrJSC
Condensed Consolidated interim financial information (Un-audited)
For the three-month period ended 31 March 2019

Contents

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

The Shareholders
Al Safwa Mubasher Financial Services PrJSC

We have reviewed the accompanying condensed interim financial information of Al Safwa Mubasher Financial Services PrJSC ("the Company") as at 31 March 2019, comprising of the condensed consolidated interim statement of financial position as at 31 March 2019 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes, prepared for interim reporting purposes. Management is responsible for the preparation and presentation of this condensed 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 entity as at 31 March 2019, and of its financial performance and its cash flows for the three month period then ended in accordance with International Financial Reporting Standards.

RSM Dahman

Ahmed Mohamed Salem Bamadhaf

Registration No.: 459

Dubai, United Arab Emirates

25 April 2019

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
31 March 2019

	Note	*31 March 2019* *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
ASSETS			
NON-CURRENT ASSETS			
Goodwill and other intangible assets	4	44,501,561	44,699,061
Property and equipment		10,938,134	11,340,515
Investment properties	5	5,250,000	5,250,000
Investment at fair value through other comprehensive income	6	3,753,946	3,753,946
Amount due from related parties	8(b)	20,743,365	20,743,365
Total non-current assets		85,187,006	85,786,887
CURRENT ASSETS			
Short term deposit under lien		13,101,000	13,101,000
Prepayments and other receivables	7	94,638,349	91,471,384
Amount due from related parties	8(b)	20,903,744	21,857,029
Cash and bank balances	9	69,597,752	124,882,693
Total current assets		198,240,845	251,312,106
Total assets		283,427,851	337,098,993
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	10	563,841,748	563,841,748
Treasury shares	10(a)	(2,000,000)	(2,000,000)
Legal reserve	10(b)	3,631,718	3,631,718
Fair value through OCI reserve		(115,793)	(115,793)
Retained earnings		(4,059,435)	(3,089,039)
Merger reserve	10(c)	(390,410,680)	(390,410,680)
Total equity		170,887,558	171,857,954
NON-CURRENT LIABILITIES			
Bank borrowings	11	5,498,039	5,677,323
Employees' end of service benefits		1,821,150	1,851,730
Total non-current liabilities		77,319,189	7,529,053
CURRENT LIABILITIES			
Trade and other payables	12	88,469,916	102,877,612
Bank borrowings	11	717,136	717,136
Bank overdraft	9	16,021,967	54,105,153
Amount due to related party	8(b)	12,085	12,085
Total current liabilities		105,221,104	157,711,986
Total equity and liabilities		283,427,851	337,098,993

Independent auditors' review report on page 1.

Dr. Khalid Al Ballaa
Managing Director

The attached notes 1 to 20 form an integral part of the condensed interim financial information.

Condensed Consolidated Interim Statement of Comprehensive Income

Three Months Ended 31 March 2019

	Note	Three months ended 31 March 2019 AED (Un-audited)	31 March 2018 AED (Un-audited)
INCOME			
Commission income	15	2,325,599	4,098,787
Income from margin trading		2,054,725	1,340,318
Finance income		79,617	87,461
Other Income		117,108	421,138
		4,577,049	5,947,704
EXPENSES			
General and administrative expenses	16	(4,597,306)	(6,023,979)
Financial charges		(950,139)	(1,375,108)
		5,547,445	(7,399,087)
LOSS FOR THE PERIOD		(970,396)	(1,451,383)
STATEMENT OF COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Other comprehensive income		-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss:			
Net other comprehensive (loss) to be reclassified subsequently to profit or loss		-	(172,099)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(970,396)	(1,623,482)
Basic and diluted (loss)/earnings per share (AED per share)		(0.00)	(0.00)

The attached notes 1 to 20 form an integral part of the condensed interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
Three Months Ended 31 March 2019

	Share capital *AED*	*Legal reserve* *AED*	*Treasury shares* *AED*	*Merger reserve* *AED*	*Fair value reserve* *AED*	*Retained earnings* *AED*	*Total* *AED*
	Note 10	*Note 10(b)*	*Note 10(a)*	*Note 10(c)*			
Balance at 1 January 2018	563,841,748	3,631,718	(2,000,000)	(390,410,680)	56,306	15,534,458	190,653,550
Total comprehensive income for the period							
(Loss) for the period	-	-	-	-	-	(1,451,383)	(1,451,383)
Other comprehensive income for the period							
Net change in fair value reserve	-	-	-	-	(172,099)	-	(172,099)
Total comprehensive income for the period	-	-	-	-	(172,099)	(1,451,383)	(1,623,482)
Balance at 31 March 2018	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	14,083,075	189,030,068
Balance at 1 January 2019	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	(3,089,039)	171,857,954
Total comprehensive income for the period							
(Loss) for the period	-	-	-	-	-	(970,396)	(970,396)
Other comprehensive income for the period							
Net change in fair value reserve	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	(970,396)	(970,396)
Balance at 31 March 2019	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	(4,059,435)	170,887,558

The attached notes 1 to 20 form an integral part of the condensed interim financial information

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS
Three Months Ended 31 March 2019

	Three months ended	
	31 March 2019	*31 March 2018*
	AED	*AED*
	(Un-audited)	*(Un-audited)*
OPERATING ACTIVITIES		
Loss for the period	(970,396)	(1,451,383)
Adjustment for:		
Depreciation on property and equipment	402,386	444,685
Amortisation of intangible assets	197,500	197,500
Interest on bank borrowings	713,375	885,006
Interest income on deposits	(79,617)	(87,461)
Operating profit before working capital changes	263,248	(11,653)
Change in short term deposit under lien	-	175,647
Change in prepayments and other receivables	(3,166,967)	18,306,286
Change in due from related parties	953,285	884,856
Change in trade and other payables	40,419,788	12,219,798
Change in employee end of service benefits	(30,578)	140,282
	38,438,776	31,715,216
Interest received on deposits	79,617	87,461
Cash flow from operating activities	38,518,393	31,802,677
INVESTING ACTIVITIES		
(Purchase) of furniture and equipment	-	(177,119)
Disposal of investment held for sale	-	6,000,000
Disposal of investment available for sale	-	1,969,569
Development expenditure on investment properties	-	(326,955)
Cash flow from investing activities	-	7,465,495
FINANCING ACTIVITIES		
Repayment of bank borrowings	(179,284)	(221,954)
Interest paid on bank borrowings	(713,375)	(885,006)
Cash used in financing activities	(892,659)	(1,106,960)
INCREASE IN CASH AND CASH EQUIVALENTS	37,625,734	38,161,212
Cash and cash equivalents at 1 January	(52,478,468)	(76,458,946)
CASH AND CASH EQUIVALENTS AT 31 MARCH	(14,852,734)	(38,297,734)
Represented by:		
Cash and bank balances	69,597,752	148,631,010
Client deposits	(68,428,519)	(141,138,362)
Bank overdraft	(16,021,967)	(45,790,382)
Cash and cash equivalents at the end of period	(14,852,734)	(38,297,734)

The attached notes 1 to 20 form an integral part of the condensed interim financial information

1 Legal status and principal activities

Al Safwa Mubasher Financial Services PrJSC ("the Company"), formerly known as Al Safwa Islamic Financial Services PrJSC ("Al Safwa"), was incorporated on 11 March 2006 in accordance with the provisions of UAE Federal Law No. 2 of 2015.

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

As further explained in note 4, on 8 December 2016, the operations of Mubasher Financial Services LLC ("MFS") merged with Al Safwa and the combined entity was renamed as Al Safwa Mubasher Financial Services PrJSC. The Company continues to be listed on the DFM as a Private Joint Stock Company. Following the merger, the shareholders of MFS own 77% of the shares in the Company.

The Parent company of the Group, Mubasher Financial Services Bahrain which owned 77% of the Company sold its entire shares to Mubasher Holding Limited and Direct Broker co. KSA in December 2017. Consequently, the Parent company of the Group is Mubasher Holding Limited.

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

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

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

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

The condensed consolidated financial information has been approved by Board of Directors on 25 April 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

This condensed interim financial report for the three months period ended 31 March 2019 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 2018.

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.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

New and amended standards adopted by the Company:

The Company applies, for the first time, IFRS 16 Leases that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the condensed interim financial information of the Company.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New and amended standards adopted by the Company: (continued)

IFRS 16 Leases *(continued)*

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Company adopted IFRS 16 using the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short - term leases').

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 2018.

4 GOODWILL AND OTHER INTANGIBLE ASSETS

Pursuant to a merger agreement between Al Safwa and MFS and shareholder resolutions of respective entities dated 21 January 2016, Ministerial Resolution number (499)/2016 issued by Ministry of Economy on 19 September 2016, and Emirates Securities and Commodities Authority ("ESCA") approval dated 11 October 2016 approving the merger, the Company commenced operations and traded as a combined entity under the revised name of Al Safwa Mubasher Financial Services PrJSC 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 AED	*Client relationships AED*	*Total AED*
As at 1 January 2019	38,379,061	6,320,000	44,699,061
Amortisation for the period	-	(197,500)	(197,500)
As at 31 March 2019 (Un-audited)	38,379,061	6,122,500	44,501,561
As at 31 December 2018 (Audited)	38,379,061	6,320,000	44,699,061

5 INVESTMENT PROPERTIES

	Property under construction AED	*Total AED*
As at 1 January 2018	5,100,000	5,100,000
Development expenditure	326,955	326,955
Impairment	(176,955)	(176,955)
As at 31 December 2018 (Audited)	5,250,000	5,250,000
Development expenditure	-	-
As at 31 March 2019 (Unaudited)	5,250,000	5,250,000

The fair value of Group's investment properties as at 31 March 2019 is AED 5.25 million (31 December 2018: 5.25m) based on unobservable market inputs (i.e. level 3).

6 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 March 2019 *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
Investment in National Mass Holding Company (refer note 6.1)	3,753,946	3,753,946
	3,753,946	3,753,946

This investment represents 2.5% of interest held in National Mass Holding Company ("NMHC"), 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 (refer note 4).

7 PREPAYMENTS AND OTHER RECEIVABLES

	31 March 2019 *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
Receivable from customers (note 7.1)	67,988,384	82,496,904
Allowances for expected credit losses (note 7.2)	(1,071,885)	(1,071,885)
	66,916,499	81,425,019
Prepayments	629,450	652,421
Other receivables:		
Net settlement due from:		
- Dubai Financial Market	4,717,986	-
- Abu Dhabi Securities Exchange	835,749	1,392,402
- NASDAQ	468,550	1,309,249
Deposits	785,935	782,314
Receivable from brokers	19,829,543	5,265,224
Others	454,637	644,755
	94,638,349	91,471,384

7.1 As at 31 March 2019, market value of securities held as collateral amounted to AED 1.2 billion (31 December 2018: AED 4.6 billion) against receivables from customers.

7.2 Movement in allowance for expected credit losses:

	31 March 2019 *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
At 1 January	1,071,885	3,957,218
Addition	-	196,514
Reversal of provision	-	-
Write-off	-	(3,081,847)
At 31 March/ 31 December	1,071,885	1,071,885

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.

Details of the balances with related parties at 31 March 2019 and the significant transactions with related parties during the period are as follows:

8(a) Transactions during the period

	Three months ended 31 March 2019 AED (Un-audited)	31 March 2018 AED (Un-audited)
Expenses incurred by related parties on behalf of the Group and recharged to the Group	54,868	30,933
Expenses incurred by the Group on behalf of related parties recharged to related parties	27,967	583,781
Salary and benefits provided to key management Personnel	700,455	1,274,001
Commission income earned from Mubasher Financial Services BSC for trades executed on behalf of its customers.	421,081	891,737

8(b) Balances with related parties as at 31 March 2019 are as follows:

	31 March 2019 *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
Amount due from related parties:		
Non-current gross	22,119,397	22,119,397
Less: Allowance for the expected credit losses (note 8.3)	(1,376,032)	(1,376,032)
Non-current at present value	20,743,365	20,743,365
Current	20,903,744	21,857,029
Total due from related parties at present value	41,647,109	42,600,394

8 RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

8(b) Balances with related parties as at 31 March 2019 are as follows: *(continued)*

Direct FN DMCC (note 8.1)	14,154,071	14,160,369
Arabic Computer Systems Ltd. (note 8.1)	3,317,316	3,317,316
Direct Broker Co. KSA (note 8.1)	3,575,750	3,575,750
Mubasher Financial Services BSC (note 8.1 and 8.2)	5,797,367	5,808,594
NTG Investment LLC (note 8.1)	15,987,952	15,987,951
MFS – DIFC (note 8.1)	142,250	78,011
Al Safwa Mubasher – Asset Management (note 8.1)	48,435	1,048,435
	43,023,141	43,976,426
Less: Allowance for the expected credit losses (note 8.3)	(1,376,032)	(1,376,032)
	41,647,109	42,600,394
Amount due to related party:		
Mubasher for Securities – Egypt	12,085	12,085

8.1 The receivable balances represent expenses paid on behalf of and recharged to related parties.

8.2 The Group has an Executing Broker agreement with Mubasher Financial Services BSC ("MFS BSC") to provide brokerage services on behalf of MFS BSC's customers wishing to trade in the UAE stock exchanges. The broker commission charged on these trades is on an agreed approved rate between the Group and MFS and is reviewed and revised periodically based on mutual agreement between the parties.

8.3 Amounts due from related parties are interest-free. The group expects these receivables to realise in 1 to 3 years. Accordingly, the effect of discounting has been considered as per IFRS 9. The expected credit losses are only limited to the effect of discounting the amount due over the period until realised. The Group used market rate to discount the receivables.

9 CASH AND BANK BALANCES

	31 March 2019 *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
Cash and bank		
- Group's deposits	1,166,619	1,610,754
- Cash in hand	2,613	15,931
- Customers' deposits (note 9.1)	68,428,520	123,256,008
Cash and bank	69,597,752	124,882,693
Bank overdraft (note 9.2)	(16,021,967)	(54,105,153)
Customer deposits	(68,428,519)	(123,256,008)
Cash and cash equivalents	(14,852,734)	(52,478,468)

9 CASH AND BANK BALANCES *(continued)*

9.1 In accordance with the regulations issued by the Emirates Securities and Commodities Authority ("ESCA"), 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.

9.2 The overdraft facility availed by the Group carries an interest rate of 1-month EIBOR plus 5.5% subject to a minimum rate of 7.5% per annum.

10 SHARE CAPITAL

	31 March 2019 Number of shares (Un-audited)	*31 December 2018 Number of shares (Audited)*
In issue at 1 January	563,841,748	563,841,748
In issue at 31 March /31 December	563,841,748	563,841,748
Total paid in capital (AED)	563,841,748	563,841,748

10(a) Treasury shares

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

10(b) Legal reserve

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

10(c) *Merger reserve*

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

The calculation for balances outstanding on the merger reserve as at 31 March 2019 and 31 December 2018 is shown in the table below.

	31 March 2019 (Un-audited) AED	*31 December 2018 (Audited) AED*
Share capital of MFS transferred to merger reserve	31,000,000	31,000,000
Less: share capital of Safwa outstanding	(563,841,748)	(563,841,748)
Add: statutory reserve of MFS	14,221,038	14,221,038
Less: statutory reserve of Safwa	(3,631,718)	(3,631,718)
Add: Purchase consideration in business combination	129,841,748	129,841,748
Add: treasury shares of Safwa	2,000,000	2,000,000
Total	(390,410,680)	(390,410,680)

11 BANK BORROWINGS

	31 March 2019 (Un-audited) AED	*31 December 2018 (Audited) AED*
Disclosed under statement of financial position as follows:		
Non-current portion of bank borrowings	5,498,039	5,677,323
Current portion of bank borrowings	717,136	717,136
	6,215,175	6,394,459

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

12 TRADE AND OTHER PAYABLES

	31 March 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Trade payables	86,060,031	98,291,758
Net settlement due to:		
- Dubai Financial Market	-	2,215,548
- Other foreign markets	3,433	12,880
Other payables and accruals	2,406,452	2,357,426
Total trade and other payables	88,469,916	102,877,612

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

13 CONTINGENT LIABILITIES

	31 March 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Abu Dhabi Securities Exchange (ADX)	30,000,000	30,000,000
Dubai Financial Markets (DFM)	30,000,000	30,000,000
NASDAQ Dubai Limited (NASDAQ)	5,527,500	5,527,500
	65,527,500	65,527,500

The guarantees issued are secured by fixed deposits of AED 13,101,000 *(31 December 2018: AED 13,101,000)*.

14 COMMITMENTS

	31 March 2019 *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
Development expenditure on investment property	281,507	281,507

The Group has a commitment of development expenditure on investment properties amounting to AED 281,507 (31 December 2018: AED 281,507). The Group has signed an agreement with a contractor on 2 February 2014 to construct six sheds on land which is classified as investment property in the Group's condensed consolidated interim financial information. The total value of the contract is AED 2.6 million and as at the reporting date the Group has paid AED 2.38 million as per the agreement.

15 COMMISSION INCOME

	31 March 2019 *AED* *(Un-audited)*	*31 March 2018* *AED* *(Un-audited)*
Gross Commission Income	4,395,419	7,712,892
Less: Discount to MFS BSC for trades executed on behalf of its customers	(2,069,820)	(3,614,105)
Commission Income	2,325,599	4,098,787

16 GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended	
	31 March 2019 *AED* *(Un-audited)*	*31 March 2018* *AED* *(Un-audited)*
Staff cost	1,973,144	3,034,198
Trading cost	1,194,446	1,293,255
Depreciation	402,382	444,685
Amortization	197,500	197,500
Rent	86,497	117,446
Sales and marketing	7,370	3,150
Legal and Professional	53,400	260,166
Registration	371,345	63,784
Communication	120,668	155,572
Travelling expenses	22,468	61,910
Other expenses	168,086	392,313
	4,597,306	6,023,979

17 FAIR VALUE HIERARCHY OF ASSETS MEASURED AT FAIR VALUE

	Level 1 *AED*	*Level 2* *AED*	*Level 3* *AED*	*Total* *AED*
31 March 2019 (Un-audited)				
Investments at fair value through OCI	-	-	3,753,946	3,753,946
31 December 2018 (Audited)				
Investments at fair value through OCI	-	-	3,753,946	3,753,946

There is no movement in the fair value of available-for-sale investment and hence, a level 3 reconciliation is not presented. There were no transfers between level 1, 2 and 3 during the period ended 31 March 2019 and the year ended 31 December 2018.

18 OPERATING SEGMENTS

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group has one segment as its primary activity is to act as an intermediary in dealings in shares, stocks, debentures and other securities in the UAE.

19 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:

	31 March 2019 *AED* *(Un-audited)*	*31 March 2018* *AED* *(Un-audited)*
(Loss) for the period attributable to shareholders of the Group	(970,396)	(1,451,383)
Weighted average number of shares outstanding during the period	563,841,748	563,841,748
Basic and diluted (loss) /earning per share (AED per share)	(0.00)	(0.00)

20 COMPARATIVES

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