Al Safwa Mubasher Financial Services PrJSC

Condensed Consolidated Interim Financial Information
Six month period ended

30 June 2019

AL SAFWA MUBASHER FINANCIAL SERVICES PRJSC
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
Six-month period ended 30 June 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 30 June 2019, comprising of the condensed consolidated interim statement of financial position as at 30 June 2019 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six 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 30 June 2019, and of its financial performance and its cash flows for the six month period then ended in accordance with International Financial Reporting Standards.

RSM Dahman

Ahmed Mohamed Salem Bamadhaf
Registration No.:459
Dubai, United Arab Emirates
8 August 2019

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
30 June 2019

	Note	*30 June 2019* *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
ASSETS			
NON-CURRENT ASSETS			
Goodwill and other intangible assets	4	44,304,061	44,699,061
Property and equipment		10,696,343	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
Total non-current assets		64,004,350	85,786,887
CURRENT ASSETS			
Short term deposit under lien		13,101,000	13,101,000
Prepayments and other receivables	7	112,282,962	91,471,384
Amount due from related parties	8(b)	-	21,857,029
Cash and bank balances	9	81,704,998	124,882,693
Total current assets		207,088,960	251,312,106
Total assets		271,093,310	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)
Accumulated losses		(4,119,594)	(3,089,039)
Merger reserve	10(c)	(390,410,680)	(390,410,680)
Total equity		170,827,399	171,857,954
NON-CURRENT LIABILITIES			
Bank borrowings	11	5,318,755	5,677,323
Employees' end of service benefits		1,737,720	1,851,730
Total non-current liabilities		7,056,475	7,529,053
CURRENT LIABILITIES			
Trade and other payables	12	89,568,708	102,877,612
Bank borrowings	11	717,136	717,136
Bank overdraft	9	-	54,105,153
Amount due to related party	8(b)	2,923,592	12,085
Total current liabilities		93,209,436	157,711,986
Total equity and liabilities		271,093,310	337,098,993

Independent auditors' review report on page 1.

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

Six Months Ended 30 June 2019

	Note	*Six months ended* 30 June 2019 AED (Un-audited)	*Six months ended* 30 June 2018 AED (Un-audited)	*Three months ended* 30 June 2019 AED (Un-audited)	*Three months ended* 30 June 2018 AED (Un-audited)
INCOME					
Commission income		4,403,749	7,438,917	2,078,149	3,340,128
Income from margin trading		3,500,970	2,724,804	1,446,245	1,384,485
Finance income		160,280	154,346	80,663	66,886
Other Income		1,520,923	569,974	1,411,152	148,835
		9,585,922	10,888,041	5,016,209	4,940,334
EXPENSES					
General and administrative expenses	15	(9,314,121)	(11,657,875)	(4,716,816)	(5,633,898)
Financial charges		(1,302,356)	(2,565,484)	(359,554)	(1,190,369)
		(10,616,477)	(14,223,359)	(5,076,370)	(6,824,267)
LOSS FOR THE PERIOD		(1,030,555)	(3,335,318)	(60,161)	(1,883,933)
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		(1,030,555)	(3,507,417)	(60,161)	(1,883,933)
Basic and diluted (loss)/earnings per share (AED per share)		(0.00)	(0.00)	(0.00)	(0.00)

The attached notes 1 to18 form an integral part of the condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
Six Months Ended 30 June 2019

	Share capital AED Note 10	*Legal reserve* AED Note 10(b)	*Treasury shares* AED Note 10(a)	*Merger reserve* AED Note 10(c)	*Fair value reserve* AED	*Accumulated losses* AED	*Total* AED
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	-	-	-	-	-	(3,335,318)	(3,335,318)
Other comprehensive income for the period							
Net change in fair value reserve	-	-	-	-	(172,099)	-	(172,099)
Total comprehensive (loss) for the period	-	-	-	-	(172,099)	(3,335,318)	(3,507,417)
Balance at 30 June 2018	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	12,199,140	187,146,133
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 loss for the period							
(Loss) for the period	-	-	-	-	-	(1,030,555)	(1,030,555)
Other comprehensive income for the period							
Net change in fair value reserve	-	-	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	-	-	(1,030,555)	(1,030,555)
Balance at 30 June 2019	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	(4,119,594)	170,827,399

The attached notes 1 to18 form an integral part of the condensed interim financial information

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS
Six Months Ended 30 June 2019

	Six-month ended 30 June 2019 AED (Un-audited)	*Six-month ended 30 June 2018 AED (Un-audited)*
OPERATING ACTIVITIES		
Loss for the period	(1,030,555)	(3,335,318)
Adjustment for:		
Depreciation	644,173	883,085
Amortization of intangible assets	395,000	395,000
Interest on bank borrowings	964,874	1,674,632
Interest income on deposits	(160,280)	(154,346)
Operating profit before working capital changes	813,212	(536,947)
Change in short term deposit under lien	-	109,188
Change in prepayments and other receivables	(20,811,581)	26,943,843
Change in due from related parties	42,600,394	3,914,826
Change in due to related parties	2,911,506	-
Change in trade and other payables	28,707,288	15,205,113
Change in employee end of service benefits	(114,008)	225,246
	54,106,811	45,861,269
Interest received on deposits	160,280	154,346
Cash flow from operating activities	54,267,091	46,015,615
INVESTING ACTIVITIES		
(Purchase) of furniture and equipment	-	(194,661)
Disposal of investment held for sale	-	6,000,000
Disposal of investment available for sale	-	1,969,568
Development expenditure on investment properties	-	(326,955)
Cash flow from / (used in) investing activities	-	7,447,952
FINANCING ACTIVITIES		
Repayment of bank borrowings	(358,566)	(401,238)
Interest paid on bank borrowings	(964,874)	(1,674,632)
Cash flow (used in) financing activities	(1,323,440)	(2,075,870)
INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	52,943,651	51,387,697
Cash and cash equivalents at 1 January	(52,478,468)	(76,458,946)
CASH AND CASH EQUIVALENTS AT 30 JUNE	465,183	(25,071,249)
Represented by:		
Cash and bank balances	81,704,998	105,476,332
Client deposits	(81,239,815)	(103,585,691)
Bank overdraft	-	(26,961,890)
Cash and cash equivalents at the end of period	465,183	(25,071,249)

The attached notes 1 to18 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).

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.

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.

During the period Mubasher Holding Limited and Direct Broker co. KSA sold 76.3% of the Company's holding to Khalifa Butti Umair Yousef Al Mehairy.

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 8 August 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

This condensed interim financial report for the six months period ended 30 June 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.

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	-	(395,000)	(395,000)
As at 30 June 2019 (Un-audited)	38,379,061	5,925,000	44,304,061
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 30 June 2019 (Unaudited)	5,250,000	5,250,000

The fair value of Group's investment properties as at 30 June 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

	30 June 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Investment in National Mass Holding Company	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

	30 June 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Receivable from customers (note 7.1)	104,657,879	82,496,904
Provision for doubtful debt (note 7.2)	(1,071,885)	(1,071,885)
	103,585,994	81,425,019
Prepayments	672,415	652,421
Other receivables:		
Net settlement due from:		
Abu Dhabi Securities Exchange	177,307	1,392,402
NASDAQ	-	1,309,249
Deposits	795,231	782,314
Receivable from broker	6,547,737	5,265,224
Others	504,278	644,755
	112,282,962	91,471,384

7.1 As at 30 June 2019, market value of securities held as collateral amounted to AED 1.1 billion (31 December 2018: AED 4.6 billion) against receivables from customers.

Receivable from customers includes a balance of AED 11,811,601 which is related to one of the board members. At the time of opening the account, he was not a board member, then he became board member as at 30 June 2019 and resigned on 4 August 2019 upon completing the legal procedures to assigning the new board.

7.2 Movement in allowance for impairment of receivables:

	30 June 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
At 1 January	1,071,885	3,957,218
Reversal of provision	-	196,514
Provision addition	-	-
Write-off	-	(3,081,847)
At 30 June / 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 30 June 2019 and the significant transactions with related parties during the period are as follows:

8(a) Transactions during the period

	30 June 2019 AED (Un-audited)	*30 June 2018 AED (Un-audited)*
Expenses incurred by related parties on behalf of the Group and recharged to the Group	137,052	59,633
Expenses incurred by the Group on behalf of related parties recharged to related parties	66,363	964,433
Salary and benefits provided to key management personnel	870,000	2,300,047
Commission income earned from related parties (note 8.3)	852,011	1,496,364
Commission received from Board member	52,030	-
Service level agreement with BHS	278,553	-

8(b) Balances with related parties as at 30 June 2019 are as follows:

	30 June 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Amount due from related parties:		
Non-current at gross value	-	22,119,397
Less: Allowance for the expected credit losses	-	(1,376,032)
Non-current	-	20,743,365
Current	-	21,857,029
Total due from related parties	-	42,600,394
Direct FN DMCC (note 8.1)	-	14,160,369
Arabic Computer Systems Ltd. (note 8.1)	-	3,317,316
Direct Broker Co. KSA (note 8.1)	-	3,575,750
Mubasher Financial Services BSC (note 8.1 and 8.2)	-	5,808,594
NTG Investment LLC (note 8.1)	-	15,987,951
MFS – DIFC (note 8.1)	-	78,011
Al Safwa Mubasher – Asset Management (note 8.1)	-	1,048,435
	-	43,976,426
Less: Allowance for the expected credit losses	-	(1,376,032)
	-	42,600,394

During the period, the shareholding structure has been changed and board members have resigned. Accordingly above parties are not related parties as at 30 June 2019. The significant balances have been settled during the period.

8(b) Balances with related parties as at 30 June 2019 are as follows: *(continued)*

Amount due to related party:		
Mubasher for Securities – Egypt	-	12,085
Brokerage House Securities LLC (BHS)	2,923,592	-
	2,923,592	12,085

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

8.2 The company executed a trade between Mubasher Financial Services BSC, Mubasher Holding Limited and Direct Broker Co. in 2017. The Group waived its share of commission on this trade on the transaction date. This was also ratified by the Group and the related parties in a formal agreement dated 19 June 2018.

8.3 The Group has an Executing Broker agreement with Mubasher Financial Services BSC ("MFS BSC") and Mubasher Financial Services DIFC ("MFS DIFC") to provide brokerage services on behalf of their 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.

9 CASH AND BANK BALANCES

	30 June 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Cash and bank		
- Group's deposits	453,641	1,610,754
- Cash in hand	11,542	15,931
- Customers' deposits (note 9.1)	81,239,815	123,256,008
Cash and bank	81,704,998	124,882,693
Bank overdraft (note 9.2)	-	(54,105,153)
Customer deposits	(81,239,815)	(123,256,008)
Cash and cash equivalents	465,183	(52,478,468)

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

	30 June 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 30 June / 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 30 June 2019 and 31 December 2018 is shown in the table below.

	30 June 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

	30 June 2019 (Un-audited) AED	*31 December 2018 (Audited) AED*
Disclosed under statement of financial position as follows:		
Non-current portion of bank borrowings	5,318,755	5,677,323
Current portion of bank borrowings	717,136	717,136
	6,035,891	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

	30 June 2019 *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
Trade payables	84,435,508	98,291,758
Net settlement due to:		
- Dubai Financial Market	2,318,460	2,215,548
- Nasdaq Dubai	825,554	-
- Other foreign markets	-	12,880
Other payables and accruals	1,989,186	2,357,426
Total trade and other payables	89,568,708	102,877,612

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

13 CONTINGENT LIABILITIES

	30 June 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

Capital commitments

	30 June 2019 *AED* *(Un-audited)*	*31 December 2018* *AED* *(Audited)*
Development expenditure on investment property	281,507	281,507
	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 GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended		*Three months ended*	
	30 June 2019	*30 June 2018*	*30 June 2019*	*30 June 2018*
	AED	*AED*	*AED*	*AED*
	(Un-audited)	*(Un-audited)*	*(Un-audited)*	*(Un-audited)*
Staff cost	4,346,145	5,911,528	2,373,001	2,877,329
Trading cost	2,150,240	2,180,353	955,794	887,098
Depreciation	644,173	883,085	241,791	438,400
Amortization	395,000	395,000	197,500	197,500
Rent	158,485	221,327	71,988	103,881
Sales and marketing	16,178	35,522	8,808	32,378
Legal and Professional	140,836	601,474	87,436	341,307
Registration	692,031	93,731	320,686	29,946
Communication	243,327	318,592	122,659	163,021
Travelling expenses	44,950	135,814	22,482	73,904
Allowances for the expected credit loss	-	191,496	-	191,496
Fine and penalties	50,000	-	50,000	-
Other expenses	432,756	689,953	264,571	297,638
	9,314,121	11,657,875	4,716,816	5,633,898

16 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Level 1	*Level 2*	*Level 3*	*Total*
	AED	*AED*	*AED*	*AED*
30 June 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, level 3 reconciliation is not presented. There were no transfers between level 1, 2 and 3 during the period ended 30 June 2019 and the year ended 31 December 2018.

17 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.

18 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 June 2019 AED (Un-audited)	*30 June 2018 AED (Un-audited)*
(Loss) for the period attributable to shareholders of the Group	**(1,030,555)**	(3,335,318)
Weighted average number of shares outstanding during the period	**563,841,748**	563,841,748
Basic and diluted (loss) per share (AED per share)	**(0.00)**	(0.00)