AL SAFWA MUBASHER FINANCIAL SERVICES PRJSC

DIRECTORS' REPORT
AND
AUDITED CONSOLIDATED FINANCIAL STATEMENTS

31 December 2018

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS
31 December 2018

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DIRECTORS' REPORT

On behalf of the Directors of the Company, I have pleasure in presenting this report and the audited consolidated financial statements of the Al Safwa Mubasher Financial Services PrJSC and its only subsidiary ("collectively referred to as the Group") for the year ended 31 December 2018.

FINANCIAL RESULTS

The Group recorded a net loss of AED 18,696,816 in 2018. From that, the operational loss is AED 4,804,368. The net loss includes an amount of AED 9,861,488 for impairment loss on goodwill based on the annual impairment testing carried out and a total of AED 4,030,960 for other non-cash expenses like depreciation, amortization, impairment and allowance for credit loss. Although the market volume was declined by almost 40% during the year 2018 compared to 2017, the Group was able to reduce its operational loss when compared to 2017. The operational loss was reduced due to the cost cut and efficiency measures adopted by the new management.

Signed on behalf of the Board

Dr. Khalid Al Ballaa
Managing Director

Date: 13 March 2019

Al Safwa Mubasher Financial Services P.S.C.
Private joint stock company listed in DFM
SCA License number 604097
Paid capital AED 564 Million

الصفوة مباشر للخدمات المالية ش. م. خ
شركة مساهمة خاصة مدرجة بسوق دبي المالي
ترخيص رقم ٦٠٤٠٩٧
رأس المال ٥٦٤ مليون درهم إماراتي

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RSM

INDEPENDENT AUDITORS' REPORT

The Shareholders
Al Safwa Mubasher Financial Services PrJSC

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Report on the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al Safwa Mubasher Financial Services PrJSC and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018 and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of consolidated financial statements in the United Arab Emirates and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of goodwill

The Group had recognized goodwill in 2016 as a result of merger which was accounted for as a reverse business combination and the amount of goodwill is AED 44,699,061. The annual impairment testing of goodwill is considered to be the key audit matter due to the uncertainty of forecasting and discounting future cash flows and the significant judgments required in determining the recoverable amount. The recoverable amount is modelled using several key assumptions, including estimated trade volumes and prices, operating cost, terminal growth rates and forecasted profit or loss (discount rate).

Our response

Our audit procedures included:

- Involving our own valuation specialist to evaluate the appropriateness of the model used and the discount rates applied, which including comparing future forecasted profit or loss to externally available industry, economic and financial data;

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<u>Key audit matters</u> (continued)

- evaluating the appropriateness of the assumptions applied to key inputs such as trade volumes and prices, operating cost and long term growth rates, which included comparing these inputs with external derived data as well as our own assessments based on our knowledge of the client and industry;

Impairment testing of goodwill (continued)

- performing sensitivity analysis, which included the assessing the effect of reasonably possible reductions in growth rates and forecast cash flows to evaluate the impact; and
- evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

<u>Other Information</u>

The other information comprises the Directors' report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

<u>Responsibilities of Management and The Directors for the Consolidated Financial Statements</u>

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and any of the applicable provisions of the UAE Federal Law No. (2) of 2015 and Company's Articles and Memorandum of Association and any regulations issued by the Central Bank of UAE, Emirates Securities and Commodities Authority and, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Group's financial reporting process.

<u>Auditor's Responsibilities for the Audit of the Financial Statements</u>

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for an audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Independent Auditors' Report Continued

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Company has maintained proper books of account;

iv) the consolidated financial information included in the Directors' report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) the group has not purchased any shares during the year ended 31 December 2018;

vi) note 9 to the consolidated financial statements discloses material related party transactions and transactions with conflict of interest, and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended 31 December 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles and Memorandum of Association which would have a material impact on its activities or its financial position; and

We further report that, based on the information made available to us, nothing has come to our attention that causes us to believe that the Group has violated any regulations issued by the Central Bank of UAE, or the Emirates Securities and Commodities Authority during the year ended 31 December 2018, which may have had a material adverse effect on the business of the Company or its financial position.

RSM Dahman

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RSM Dahman
Accountants • Auditors • Consultants

Ahmed Mohamed Salem Bamadhaf

Registration No.:459

Dubai, United Arab Emirates

13 March 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2018

	Note	*2018* *AED*	*2017* *AED*
ASSETS			
NON-CURRENT ASSETS			
Goodwill and other intangible assets	3	44,699,061	55,350,549
Property and equipment	4	11,340,515	12,833,828
Investment properties	5	5,250,000	5,100,000
Investment at fair value through other comprehensive income	6	3,753,946	-
Investment previously classified as available-for-sale	6(a)	-	5,895,614
Amount due from related parties	9.4	20,743,365	
Total non-current assets		85,786,887	79,179,991
CURRENT ASSETS			
Assets held for sale	7	-	6,000,000
Short term deposit under lien		13,101,000	17,747,174
Prepayments and other receivables	8	91,377,797	130,219,026
Amount due from related parties	9.4	21,857,029	46,217,686
Cash and bank balances	10	124,882,693	380,042,171
Total current assets		251,218,519	580,226,057
Total assets		337,005,406	659,406,048
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	11	563,841,748	563,841,748
Treasury shares	11(a)	(2,000,000)	(2,000,000)
Legal reserve	11(b)	3,631,718	3,631,718
Fair value through OCI reserve		(115,793)	56,306
(Accumulated losses) / Retained earnings		(3,089,039)	15,534,458
Merger reserve	11(c)	(390,410,680)	(390,410,680)
Total equity		171,857,954	190,653,550
NON-CURRENT LIABILITIES			
Bank borrowings	12	5,677,323	6,410,918
Employees' end of service benefits	13	1,851,730	2,227,574
Total non-current liabilities		7,529,053	8,638,492
CURRENT LIABILITIES			
Trade and other payables	14	102,784,025	381,116,221
Bank borrowings	12	717,136	743,347
Bank overdraft	10	54,105,153	78,254,438
Amount due to related party	9(b)	12,085	-
Total current liabilities		157,618,399	460,114,006
Total equity and liabilities		337,005,406	659,406,048

Independent auditors' report on page 2 to 5.

Dr. Khalid Al Ballaa
Managing Director

The attached notes 1 to 21 form an integral part of the condensed interim financial information.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
31 December 2018

	Note	2018 AED	2017 AED
INCOME			
Commission income	17	12,795,030	20,128,674
Income from margin trading		6,709,150	5,029,244
Finance income		309,996	424,046
Other Income		659,247	1,002,393
		20,473,423	26,584,357
EXPENSES			
General and administrative expenses	18	(22,485,431)	(28,030,495)
Financial charges		(5,270,333)	(5,885,547)
Impairment loss on investment properties		(176,955)	(1,043,756)
Impairment loss on goodwill	3	(9,861,488)	-
Allowances for expected credit losses	9.4	(1,376,032)	-
		(39,170,239)	(34,959,798)
LOSS FOR THE YEAR		(18,696,816)	(8,375,441)
STATEMENT OF COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss:			
Other comprehensive income		(172,099)	(364,380)
Net other comprehensive income not to be reclassified subsequently to profit or loss		(172,099)	(364,380)
Items that will be reclassified subsequently to profit or loss:			
Net other comprehensive (loss) to be reclassified subsequently to profit or loss		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(18,868,915)	(8,739,821)
Basic and diluted (loss)/earnings per share (AED per share)		(0.03)	(0.02)

The attached notes 1 to 21 form an integral part of the condensed interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 December 2018

	Share capital AED Note 11	*Legal reserve AED* Note 11(b)	*Treasury shares AED* Note 11(a)	*Merger reserve AED* Note 11(c)	*Fair value through OCI AED*	*(Accumulated losses) / Retained earnings AED*	*Total AED*
Balance at 1 January 2017	563,841,748	3,631,718	(2,000,000)	(390,410,680)	420,686	23,909,899	199,393,371
Total comprehensive income for the year							
(Loss) for the year	-	-	-	-	-	(8,375,441)	(8,375,441)
Other comprehensive income for the year							
Net change in fair value reserve	-	-	-	-	(364,380)	-	(364,380)
Total comprehensive (loss) for the year	-	-	-	-	(364,380)	(8,375,441)	(8,739,821)
Balance at 31 December 2017	563,841,748	3,631,718	(2,000,000)	(390,410,680)	56,306	15,534,458	190,653,550
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
Loss on disposal of Investment at fair value through other comprehensive income directly recorded in (Accumulated losses) / Retained earnings	-	-	-	-	-	(98,780)	(98,780)
Total comprehensive loss for the year							
(Loss) for the year	-	-	-	-	-	(18,696,816)	(18,696,816)
Other comprehensive income for the year							
Transfer of gain on disposal of Investment at fair value through other comprehensive income to retained earning	-	-	-	-	(172,099)	172,099	-
Total comprehensive (loss) for the year	-	-	-	-	(172,099)	(18,524,717)	(18,696,816)
Balance at 31 December 2018	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	(3,089,039)	171,857,954

The attached notes 1 to 21 form an integral part of the condensed interim financial information

CONSOLIDATED STATEMENT OF CASH FLOWS
31 December 2018

	2018 AED	2017 AED
OPERATING ACTIVITIES		
Loss for the year	(18,696,816)	(8,375,441)
Adjustment for:		
Depreciation and amortisation	2,477,973	2,362,924
Interest on bank borrowings	3,652,972	2,734,465
Interest income on deposits	(309,996)	(424,047)
Exchange Loss or gain	(648,678)	135,291
Provision for gratuity	333,106	761,576
Dividend income	-	(177,444)
Impairment loss on goodwill	9,861,488	-
Loss on discounting future cash in flows	1,376,032	-
Operating (loss) / gain before working capital changes	(1,953,919)	(2,982,676)
Change in short term deposit under lien	259,636,845	(229,412,999)
Change in prepayments and other receivables	38,841,229	(100,545,376)
Change in due from related parties	2,241,260	9,518,230
Change in due to related parties	12,085	-
Change in trade and other payables	(278,332,194)	244,126,644
Change in employee end of service benefits	(708,950)	(1,378,247)
	19,736,356	(80,674,424)
Interest received on deposits	309,996	424,047
Cash flow from / (used in) operating activities	20,046,352	(80,250,377)
INVESTING ACTIVITIES		
Purchase of property and equipment	(194,660)	(3,403,094)
Sale proceed of Investment at fair value through other comprehensive income	2,042,886	-
Sale proceed of asset held for sale	6,000,000	-
Investment properties	(150,000)	850,159
Dividend Income	-	177,444
Cash flow from / (used in) investing activities	7,698,226	(2,375,491)
FINANCING ACTIVITIES		
Repayment of bank borrowings	(759,806)	(740,053)
Interest paid on bank borrowings	(3,652,972)	(2,734,465)
Proceeds from bank borrowings - vehicle loan	-	(39,104)
Cash flow (used in) financing activities	(4,412,778)	(3,513,622)

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
31 December 2018

	2018 AED	2017 AED
INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	23,331,800	(86,139,490)
Exchange Loss/ Gain	648,678	(135,291)
Net (decrease) / Increase in cash and cash equivalents after exchange loss	23,980,478	-86,274,781
Cash and cash equivalents at 1 January	(76,458,946)	9,815,835
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	(52,478,468)	(76,458,946)
Represented by:		
Cash and bank balances	124,882,693	380,042,171
Client deposits	(123,256,008)	(378,246,679)
Bank overdraft	(54,105,153)	(78,254,438)
Cash and cash equivalents at the end of year	(52,478,468)	(76,458,946)

The attached notes 1 to 21 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 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.

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

The principal activity of the Group 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 consolidated financial statements have been approved by Board of Directors on __ March 2018.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared on going concern basis and in accordance with International Financial Reporting Standards (IFRS) as issued and adopted by the International Accounting Standards Board ("IASB") and the interpretations issued by the International Financial Reporting Interpretation Committee of the IASB enforce at 31 December 2018 and the requirements of the local laws and regulations.

Accounting convention

The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair values of financial assets at fair value through profit or loss including those designated as such upon initial recognition and those classified as held for trading, investment properties.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorized into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Accounting convention *(continued)*

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting year during which the change occurred. The disclosures for fair value hierarchy in respect of Investment at the fair value through OCI are disclosed in note 21.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Arab Emirates Dirham (AED), which is the Company's functional currency.

2.2 Changes in accounting policies and disclosures

New and amended standards, and interpretations effective for the first time and applied:

The following new accounting standards became applicable for the financial year beginning on or after 1 January 2018 and the Group had to change its accounting policies and make appropriate adjustments as a result of adopting these standards:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

Below are the other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group.

New interpretations:

- IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued in December 2016)

Amendments to existing standards:

- Amendments to IFRS 1 and IAS 28 (Annual Improvements to IFRS Standards 2014–2016 Cycle, issued in December 2016)
- Amendments to IAS 40 titled Transfers of Investment Property (issued in December 2016)
- Amendments to IFRS 2 titled Classification and Measurement of Share-based Payment Transactions (issued in June 2016)
- Amendments to IFRS 4 titled Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued in September 2016)

The nature and effect of the changes as a result of adoption of the new accounting standards are described below. Due to the transition methods chosen by the Group in applying new accounting standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policies and disclosures *(continued)*

New and amended standards, and interpretations effective for the first time and applied:

a) IFRS 9 Financial Instruments:

Impact of adoption:

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual years beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

IFRS 9 was generally adopted without restating comparative information with the exception of certain aspects of hedge accounting. The reclassifications and the adjustments arising from the new impairment rules would not be reflected in the restated balance sheet as at 31 December 2017, but are recognized in the opening balance sheet on 1 January 2018. The Group's has concluded that the impact of adopting IFRS 9 is not material on the Group's financial information which requires any necessary adjustment at 1 January 2018.

There are changes in classification due to the adoption of IFRS 9. The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018. The carrying amount has not changed.

	Original classification under IAS 39	*New classification under IFRS 9*	*Original carrying amount under IAS 39 and New carrying amount under IFRS 9*
			AED
Financial assets:			
Investment	Available for sale	FVOCI	5,895,614
Amounts due from customers	Loans and receivables	Amortised cost	86,221,047
Margin guarantee deposits	Loans and receivables	Amortised cost	17,747,174
Other receivables	Loans and receivables	Amortised cost	43,582,857
Amount due from related party	Loans and receivables	Amortised cost	46,217,686
Cash and bank balances	Loans and receivables	Amortised cost	380,042,171
			579,706,549
Financial liabilities:			
Borrowings	Other financial liabilities	Other financial liabilities	85,408,703
Amounts due to customers and other payables	Other financial liabilities	Other financial liabilities	381,116,221
			466,524,924

New accounting policies:

All loans and receivables were measured at amortised cost before 1 January 2018.

The application of the new standard required the Group to apply the new accounting policies. Accordingly, the Group has applied the new accounting policies the detail of which are disclosed in note 2.3 of these consolidated financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policies and disclosures *(continued)*

New and amended standards, and interpretations effective for the first time and applied: (continued)

b) IFRS 15 Revenue from Contracts with Customers:

Impact of adoption:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The Group has conducted an impact assessment exercise of IFRS 15 to assess the impact of applying the new accounting standard and concluded that the impact is not material on the Group's financial information.

New accounting policies:

The application of the new standard required the Group to apply the new accounting policies. Accordingly, the Group has applied the new accounting policies the detail of which are disclosed in note 2.3 to these consolidated financial statements.

New and amended standards, and interpretations issued but not yet effective and not early adopted:

The Group has not applied the following new or amended pronouncements that have been issued by the IASB but are not yet effective for the financial year beginning on 1 January 2018.

The management anticipates that the new standards and amendments will be adopted in the Group consolidated financial statements when they become effective. The Group has assessed, where practicable, the potential effect of all these new standards and amendments that will be effective in future years.

New standards:

- IFRS 16 Leases (effective from 1 January 2019)

IFRS 16 was issued in January 2016 and it replaces 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. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policies and disclosures *(continued)*

New and amended standards, and interpretations issued but not yet effective and not early adopted:(continued)

those payments).The lessee will generally recognize the amount of the premeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 is effective for annual years beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group will adopt this standard from 1 January 2019 but the impact of its adoption is yet to be assessed by the Group.

- IFRS 17 Insurance Contracts (effective from 1 January 2021)

New interpretations:

- IFRIC 23 Uncertainty over Income Tax Treatments (effective from 1 January 2019)

Amendments to existing standards:

- Amendments to IFRS 9 titled Prepayment Features with Negative Compensation (effective from 1 January 2019)
- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (available for optional adoption / effective date deferred indefinitely)
- Amendments to IAS 19 titled Plan Amendment, Curtailment or Settlement (effective from 1 January 2019)
- Amendments to IAS 28 titled Long-term Interests in Associates and Joint Ventures (effective from 1 January 2019)
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards (effective from 1 January 2019)
- Amendments to References to Conceptual Framework in IFRS Standards (effective from 1 January 2020)

Topics covered by these standards/interpretations are either not relevant for the preparations of this set of IFRS consolidated financial statements or the Group does not foresee that the application of these standards/interpretations will result in a significant impact on figures and disclosures on the reporting year they will be adopted except in certain cases where it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

2.3 Summary of significant accounting policies

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, is set out below.

Property and equipment and depreciation

Property and equipment are initially recorded at cost. Cost includes the purchase price and related expenses. Subsequent to initial recognition as an asset, each asset is carried at its cost less accumulated depreciation less any impairment losses.

Depreciation is provided on all property and equipment, at rates calculated to write off the cost, less estimated recoverable value based on prices prevailing at the date of acquisition of each asset, over its expected useful life.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Property and equipment and depreciation *(continued)*

Expected future cash flows are not discounted to their present values in determining the recoverable amount of items of fixed assets. The estimated useful lives of the fixed assets are estimated as follows:

	Years
Office equipment	6-7
Furniture and fixtures	8
Computer hardware and related software	4
Machinery and Equipment	4
Building	15 to 20

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured at cost less accumulated depreciation and impairment loss, if any. Depreciation on investment in buildings is charged on a straight-line basis over 15 years. No depreciation is charged on land and investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the period in which the property is derecognised.

Transfers to investment properties are made when, and only when there is change in use evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development.

Intangible assets

Goodwill

Goodwill that arises on business combination is presented with intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Accounting policies for initial recognition and subsequent measurement of separately acquired intangible assets which comprise of only customer relationship.

Amortization

Customer relationship is amortized over its estimated useful life of ten years.

Goodwill is not amortized.

Financial Instruments

Classification of Financial Assets

Initial recognition

On initial recognition, a financial asset is classified as measured at (i) amortised cost, (ii) Fair Value through Other Comprehensive Income (FVOCI) or (iii) Fair Value through Profit or Loss (FVTPL).

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Financial Instruments *(continued)*

Classification of Financial Assets *(continued)*

a) *Financial assets measured at amortised cost:*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL;

- It is held within a business model whose objective is to hold the financial assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the year ended on 31 December 2018, the Group's financial assets at amortised cost include amounts due from customers and other receivables, deposits, amount due from related parties, short term deposit under lien and cash and bank balances.

b) *Financial assets measured at FVOCI:*

- *Debt Instruments:* Debt Instruments may be classified as at FVOCI, where the contractual cash flows are solely for payments of principal and interest on the outstanding principal, and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling the underlying financial assets.
- *Equity Instruments:* In case of equity instruments which are not held for trading or designated at FVTPL, the Group may irrevocably elect to recognise subsequent changes in other comprehensive income. This election is made on an investment-by-investment basis.

For the year ended on 31 December 2018, the Group carries on investment in National Mass Holding Company which is classified as FVOCI.

c) *Financial assets measured at FVTPL:*

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

For the year ended on 31 December 2018, the Group did not hold any financial assets which are to be classified as measured at FVTPL.

Business model assessment

The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the frequency, volume and timing of trades of financial assets in prior years, the reasons for such trades and its expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized;
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Financial Instruments *(continued)*

Classification of Financial Assets *(continued)*

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

Assessment, whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Group considers the contractual terms of the instruments. This includes assessing whether the financial assets contain a contractual terms that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Reclassification of financial assets:

Financial assets are not reclassified subsequent to their initial recognition, except in the year after the Group changes its business model for managing such financial assets.

Derecognition of financial assets:

From 1 January 2018, any cumulative gain/loss recognised in the statement of other comprehensive income in respect of an equity instruments designated as FVOCI is reclassified to retained earnings upon derecognition.

Impairment of Financial Assets

IFRS 9 replaces the 'incurred loss' model followed under IAS 39 with the forward-looking 'expected credit losses' ('ECL') model. Assessing how changes in economic factors affect ECL requires considerable judgement. ECL are determined on a probability-weighted basis.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair through profit loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is require for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For amount due from investors, the Group applies a simplified approach in calculating ECLs. Therefore the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default where equity holdings of the investors fall below 25% of the trade value. In case of non-settlement, the Group has a right to liquidate the securities and recover the value of the account reinstated to 1:1 margin ratio.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Classification of Financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition (i) at amortised cost or (ii) at FVTPL, or (iii) as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs, wherever applicable.

Measurement of financial liabilities:

The measurement of financial liabilities depends on their classification, as described below:

a) *Financial liabilities at FVTPL:*

Financial liabilities at FVTPL including financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL, shall be measured at fair value.

For the year ended on 31 December 2018, the Group has not designated any financial liability as at FVTPL.

b) *Other financial liabilities:*

After initial recognition, these are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisitions and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

For the year ended on 31 December 2018, the Group's amounts due to investors, amount due to related party, borrowing and accounts payable and accruals were designated under this category of financial liability.

Derecognition of financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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.

Trade and other receivables

Amount due from investors and other receivables are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

An impairment allowance is calculated using the ECL approach as defined in IFRS 9. The additional information on the calculation of ECL is described above under the heading of financial instruments. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, net of outstanding bank overdrafts and customer deposit.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

Employees' end of service benefits

Provision is made for employees' end of service benefits. Such provision is not less than the amounts payable under the UAE Federal Labour Law and is based on the liability that would arise if the services of all employees were terminated on the reporting date.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current / non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting year; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting year; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The Group classifies all other liabilities as non-current.

Revenue from contracts with customers

The Group recognises revenue from contracts with customers based on a five-step model as set out in 'IFRS 15 – Revenue from Contracts with Customers' as follows:

Step 1. Identify the contract(s) with a customer: A contracts is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.

Step 2. Identify the performance obligations in the contract: A performance obligations is a promise in a contract with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Summary of significant accounting policies *(continued)*

Revenue from contracts with customers (continued)

Step 3. Determine the transaction price: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes all of the benefits provided by the Group's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised this gives rise to a contract liability.

The Company's revenue is derived from brokerage services and company act as an agent, revenue recognised as follows:

Commission income

Brokerage commission income is recognized at the point in time when the services have been rendered and when the Group's right to receive the income has been established. The commissions are recognized on net basis i.e commission earned from the customer less commission collected on behalf of the exchange. The Group believes this is the most appropriate because it acts as an agent in the transaction rather than a principle.

Interest Income

Interest income is recognized as interest accrues using the effective interest method. This is the method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipt through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend Income

Dividend income is recognized when the Group right to receive such income is established which is generally dividend declaration date.

Other Income

Other income is recognized when it is received or when the right to receive is established.

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

The functional and reporting currency of the Group is the Arab Emirates Dirhams (AED). Transactions denominated in foreign currencies are translated into (AED) and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the exchange rates ruling at the reporting date. Realized and unrealized foreign exchange gains and losses arising on translation are recognized in the profit or loss.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

2.4 Significant accounting judgements, estimates and assumptions

In preparing its consolidated financial statements in conformity with International Financial Reporting Standards, the Group has to make significant judgment, estimates and assumptions that impact the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group periodically monitors such estimates and assumptions to make sure they incorporate all relevant information available at the date when consolidated financial statements are prepared. However, this does not prevent actual figures from differing from estimates.

Key judgment, estimates and assumptions are subject to management approval. At the statement of financial position date, management has mainly made the following key judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements:

- *Useful lives of property and equipment*

  The Group determines the estimated useful lives and related depreciation charges for its property and equipment. Any changes to the estimated useful life would impact the depreciation charge for the year.

- *Allowance for expected credit losses of accounts due from customers:*

  The Group uses a provision matrix to calculate ECLs for amounts due from investors. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

  The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

  The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

- Impairment of Goodwill

  Goodwill is tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflow of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

  The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Significant accounting judgements, estimates and assumptions *(continued)*

- Impairment of Goodwill *(continued)*

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

3 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 2018	48,240,549	7,110,000	55,350,549
Amortisation for the year	-	(790,000)	(790,000)
Impairment for the year	(9,861,488)	-	(9,861,488)
As at 31 December 2018	38,379,061	6,320,000	44,699,061
As at 31 December 2017	48,240,549	7,110,000	55,350,549

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on 3 year projected period approved by the management.

Key assumptions are those to which the recoverable amount of a cash-generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow model for the business:

- 12% discount rate;
- 50% per annum projected revenue growth or decline rate
- 20% per annum decrease in 2019 and 5% per annum increase for 2020 and 2021 in the operating cost and overhead.

Management believes the forecasted revenue decline or growth rate is prudent, based on projected trade volumes in the UAE stock markets over the 3 years.

Compared to the prior years, management have reduced their estimation of the increase in operating cost and overheads due to projected lower trade volumes in year 2019. The management estimates that these costs will marginally increase in the subsequent two years.

4 PROPERTY AND EQUIPMENT

	Furniture & Fixture AED	*Computer equipment* AED	*Machinery & equipment* AED	*Office equipment* *AED*	*Vehicle* *AED*	*Building* *AED*	*Capital work in progress* *AED*	*Total* *AED*
Cost:								
At 1 January 2017	1,728,723	7,691,752	3,063,656	1,583,241	308,205	19,407,962	423,377	34,206,916
Additions	46,150	69,405	263,815	77,613	-	-	2,946,112	3,403,095
At 31 December 2017	1,774,873	7,761,157	3,327,471	1,660,854	308,205	19,407,962	3,369,489	37,610,011
Additions	17,530	17,543	93,398	-	-	-	66,189	194,660
Reclassification	683,733	-	131,461	32,425	-	2,588,059	(3,435,678)	(3,435,678)
At 31 December 2018	2,476,136	7,778,700	3,552,330	1,693,279	308,205	21,996,021	-	37,804,671
Depreciation:								
At 1 January 2017	1,457,778	7,530,730	2,790,545	1,417,374	211,299	9,795,532	-	23,203,258
Charge for the year	66,419	163,456	171,211	44,490	77,050	1,050,299		1,572,925
At 31 December 2017	1,524,197	7,694,186	2,961,756	1,461,864	288,349	10,845,831	-	24,776,183
Charge for the year	156,032	56,069	228,639	55,175	19,856	1,172,202	-	1,687,973
At 31 December 2018	1,680,229	7,750,255	3,190,395	1,517,039	308,205	12,018,033	-	26,464,156
Net book amounts:								
At 31 December 2018	795,908	28,446	361,935	176,240	-	9,977,987	-	11,340,515
At 31 December 2017	250,676	66,971	365,715	198,990	19,856	8,562,131	3,369,489	12,833,828

Building includes the office building which is mortgaged by the Ijarah Facility provided by Noor Bank (Note 12.1)

5 INVESTMENT PROPERTIES

	Land AED	*Property under construction AED*	*Total AED*
Cost:			
As at 1 January 2017	6,150,159	5,800,000	11,950,159
Development expenditure	-	193,597	193,597
Impairment charge for the year	(150,159)	(893,597)	(1,043,756)
Transfer to assets held for sale	(6,000,000)	-	(6,000,000)
As at 31 December 2017	-	5,100,000	5,100,000
Development expenditure	-	326,955	326,955
Impairment charge for the year	-	(176,955)	(176,955)
As at 31 December 2018	-	5,250,000	5,250,000

The fair value of Group's investment properties as at 31 December 2018 is AED 5.2million (31 December 2017: 5.1m based on unobservable market inputs (i.e. level 3).

6 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018 AED	*2017 AED*
Investment in Dubai Financial Market shares	-	-
Investment in National Mass Holding Company	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.

During the period, the Group disposed investment in Dubai Financial Market shares.

6(a) INVESTMENT PREVIOUSLY CLASSIFIED AS AVAILABLE-FOR-SALE

	2018 AED	*2017 AED*
Investment in Dubai Financial Market shares	-	2,141,668
Investment in National Mass Holding Company	-	3,753,946
	-	5,895,614

Equity investments previously classified as available-for-sale

The Company elected to present in OCI changes in the fair value of the above equity investment previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of AED 5,895,614 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value gain of AED 56,306 was reclassified from the available-for-sale financial assets reserve to the FVOCI reserve on 1 January 2018.

7 ASSETS HELD FOR SALE

During the year ended 31 December 2017, management decided to sell 20 plots of land located in Emirates of Ajman classified as investment properties. Accordingly, these plots were presented as assets held for sale. The sale has been completed in February 2018 for a total consideration of AED 6,000,000. As at 31 December 2017, assets held for sale are stated at fair value less cost to sell.

8 PREPAYMENTS AND OTHER RECEIVABLES

	2018 *AED*	*2017* *AED*
Receivable from customers (note 8.1)	82,496,904	90,178,265
Allowances for expected credit losses (note 8.2)	(1,071,885)	(3,957,218)
	81,425,019	86,221,047
Prepayments	652,421	415,122
Other receivables:		
Net settlement due from:		
Dubai Financial Market	-	29,494,407
Abu Dhabi Securities Exchange	1,415,587	6,979,150
NASDAQ	1,310,459	243,301
Deposits	782,314	812,468
Receivable from broker	5,265,224	5,152,944
Others	526,773	900,587
	91,377,797	130,219,026

8.1 As at 31 December 2018, market value of securities held as collateral amounted to AED 4.6 billion (31 December 2017: AED 231.9 million) against receivables from customers.

8.2 Movement in allowance for expected credit losses:

	2018 *AED*	2017 *AED*
At 1 January	3,957,218	5,110,151
Addition of provision (note 8.2.1)	196,514	-
Reversal of provision	-	(815,516)
Write-off	(3,081,847)	(337,417)
At 31 December	1,071,885	3,957,218

8.3 Receivable from the customers includes amount due from related parties amounted to AED 1,446,679 (31 December 2017: Nil). The value of securities held as collateral amounted to AED 4,500,403,489 (31 December 2017: Nil)

9 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 December 2018 and the significant transactions with related parties during the year are as follows:

9(a) Transactions during the year

	2018 *AED*	*2017* *AED*
Expenses incurred by related parties on behalf of the Group and recharged to the Group	314,035	160,954
Expenses incurred by the Group on behalf of related parties recharged to related parties	1,126,726	1,859,284
Salary and benefits provided to key management personnel	4,212,049	4,067,414
Commission income earned from Mubasher Financial Services (MFS) BSC and MFS-DIFC for trades executed on behalf of their customers.	2,311,584	1,618,803

9(b) Balances with related parties as at 31 December 2018 are as follows:

	2018 *AED*	*2017* *AED*
Amount due from related parties:		
Direct FN DMCC (note 9.1)	14,160,369	13,738,631
Arabic Computer Systems Ltd. (note 9.1)	3,317,316	3,317,316
Mubasher for Securities – Egypt (note 9.1)	-	78,560
Direct Broker Co. KSA (note 9.1)	3,575,750	3,575,750
Mubasher Financial Services BSC (note 9.1, 9.2 and 9.3)	5,808,594	8,366,698
Mubasher Holding Ltd. DIFC (note 9.1)	-	55,313
NTG Investment LLC (note 9.1)	15,987,951	15,982,862
MFS – DIFC (note 9.1)	78,011	26,894
Al Safwa Mubasher – Asset Management (note 9.1)	1,048,435	1,033,435
Others (note 9.1)	-	42,227
	43,976,426	46,217,686
Less: Allowance for the expected credit losses (note 9.4)	(1,376,032)	-
	42,600,394	46,217,686
Amount due to related party:		
Mubasher for Securities – Egypt	12,085	-

9 RELATED PARTY TRANSACTIONS AND BALANCES *(continued)*

9.1 The receivable balances represent expenses paid by Group on behalf of related parties.

9.2 The Group 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.

9.3 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.

9.4 Amounts due from related parties are interest free. The group expects these receivables to realise between 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 on the loan over the period until cash is realised and repaid to the Group.

Loan's effective interest rate is nil due to the loan is interest free, the Group used market rate to discount the receivables.

Long term receivables from related parties are shown at present value using a discount rate of 5%. The Group discounted these receivables from related parties which the Group expects to receive within 3 years as of 31 December 2018. The discount on the receivables from related parties was AED 1,376,032 at 31 December 2018.

	2018 *AED*	*2017* *AED*
Gross amounts from related parties	43,976,426	46,217,686
Less: discount to net present value	(1,376,032)	-
Net amount due from related parties	42,600,394	46,217,686
Amounts expected in:		
Less than one year	21,857,029	46,217,686
Over one year	20,743,365	-
Total	42,600,394	46,217,686

10 CASH AND BANK BALANCES

	2018 *AED*	*2017* *AED*
Cash and bank		
- Group's deposits	1,610,754	1,781,080
- Cash in hand	15,931	14,412
- Customers' deposits (note 10.1)	123,256,008	378,246,679
Cash and bank	124,882,693	380,042,171
Bank overdraft (note 10.2)	(54,105,153)	(78,254,438)
Customer deposits	(123,256,008)	(378,246,679)
Cash and cash equivalents	(52,478,468)	(76,458,946)

10 CASH AND BANK BALANCES *(continued)*

10.1 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.

10.2 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.

11 SHARE CAPITAL

	2018 *Number of shares*	*2017* *Number of shares*
In issue at 1 January	563,841,748	563,841,748
In issue at 31 December	563,841,748	563,841,748
Total paid in capital (AED)	563,841,748	563,841,748

Capital Adequacy Management

The Group manages its capital adequacy to ensure compliance with decision no. (27) of 2014 concerning the criteria for capital adequacy of the brokerage firms in securities and commodity contracts. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. No changes were made in the objectives, policy or processes during the years ending 31 December 2018 and 31 December 2017.

11(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.

11(b) Legal reserve

The legal reserve of the current and comparative year is those of Safwa, which is the legal acquirer. In accordance with UAE Federal Law, 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.

11(c) Merger reserve

The amount recognised as issued equity instruments in the consolidated financial statements are 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 December 2018 and 31 December 2017 is shown in the table below.

11 SHARE CAPITAL *(continued)*

11(c) Merger reserve (continued)

	2018 *AED*	*2017* *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)

12 BANK BORROWINGS

	2018 *AED*	*2017* *AED*
Bank borrowings (note 12.1)	6,394,459	7,111,594
Motor vehicle loan (note 12.2)	-	42,671
	6,394,459	7,154,265
Disclosed under statement of financial position as follows:		
Non-current portion of bank borrowings	5,677,323	6,410,918
Current portion of bank borrowings	717,136	743,347
	6,394,459	7,154,265

12.1 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.

12.2 During the year, the Group settled motor vehicle loan.

13 EMPLOYEES' END OF SERVICE BENEFITS

	2018 AED	2017 AED
Provision at the beginning of the year	2,227,574	2,844,245
Charge for the year	333,106	761,576
Pay outs	(708,950)	(1,378,247)
Provision at the end of the year	1,851,730	2,227,574

14 TRADE AND OTHER PAYABLES

	2018 *AED*	*2017* *AED*
Trade payables	97,930,025	376,024,161
Net settlement due to:		
- Dubai Financial Market	2,215,548	1,571,606
- Abu Dhabi Securities Exchange	23,185	28,609
- Nasdaq Dubai	1,210	-
- Other foreign markets	12,880	10,985
Other payables and accruals	2,601,177	3,480,860
Total trade and other payables	102,784,025	381,116,221

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

15 CONTINGENT LIABILITIES

	2018 *AED*	*2017* *AED*
Abu Dhabi Securities Exchange (ADX)	30,000,000	30,000,000
Dubai Financial Markets (DFM)	30,000,000	50,000,000
NASDAQ Dubai Limited (NASDAQ)	5,527,500	5,527,500
	65,527,500	85,527,500

The guarantees issued are secured by fixed deposits of AED 13,101,000 (31 December 2017: AED 17,747,174).

16 COMMITMENTS

Capital commitments

	2018 *AED*	*2017* *AED*
Development expenditure on investment property	281,507	281,507
Other capital commitment	-	187,252
	281,507	468,759

The Group has a commitment of development expenditure on investment properties amounting to AED 281,507 (31 December 2017: 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 consolidated financial statements. The total value of the contract is AED 2.66 million and as at the reporting date the Group has paid AED 2.38 million as per the agreement.

17 COMMISSION INCOME

	2018 *AED*	*2017* *AED*
Gross Commission Income	22,632,865	37,076,471
Less: Discount to MFS BSC for trades executed on behalf of its customers	(9,837,835)	(16,947,797)
Commission Income	12,795,030	20,128,674

18 GENERAL AND ADMINISTRATIVE EXPENSES

	2018 *AED*	*2017* *AED*
Staff cost	10,008,988	15,929,476
Trading cost	5,089,560	5,343,648
Depreciation	1,687,973	1,572,924
Amortization	790,000	790,000
Rent	421,976	623,661
Sales and marketing	96,960	21,452
Legal and Professional	639,891	369,611
Registration and licensing	1,265,833	1,128,033
Communication	790,851	573,802
Travelling expenses	185,941	293,420
Repair and maintenance expenses	161,087	258,381
Property insurance and service charges	203,313	205,682
Allowances for expected credit losses	196,514	-
Other expenses	946,544	920,405
	22,485,431	28,030,495

19 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit or loss for the year attributable to owners of the Group by the weighted average number of shares outstanding during the year as follows:

	2018 *AED*	*2017* *AED*
(Loss) for the year attributable to shareholders of the Group	(18,696,816)	(8,375,441)
Weighted average number of shares outstanding during the year	563,841,748	563,841,748
Basic and diluted (loss) per share (AED per share)	(0.03)	(0.02)

20 FINANCIAL INSTRUMENTS

The financial asset of the Group comprise bank balances and cash, FVOCI, amount due from investors, amounts due from related parties and accounts receivable. The financial liabilities of the Group include payables and accruals, amounts due to investors, overdraft, bank borrowing and amounts due to related parties. The accounting policies for financial assets and liabilities are set out in note (2.3).

The following table summarizes the carrying amount of financial assets and liabilities recorded as at reporting date:

FINANCIAL ASSETS	*2018* *AED*	*2017* *AED*
At amortised cost	271,309,464	573,810,935
Financial assets at fair value through profit and loss	-	11,895,614
Financial assets through other comprehensive income	3,753,946	-
Balance at 31 December	275,063,410	585,706,549

20 FINANCIAL INSTRUMENTS *(continued)*

FINANCIAL LIABILITIES

At fair value through profit and loss		
Measured at amortised cost:		
- Borrowings	60,499,612	85,408,703
- Derivative financial instruments	-	-
- Other financial liabilities	102,796,110	381,116,221
Balance at 31 December	163,295,722	466,524,924

Fair value

The fair values of the Group's financial instruments are not materially different from their carrying values at the reporting date.

21 INFORMATION ON FINANCIAL RISKS

The main market risks to which the Group is exposed are credit risk and equity price risk.

Market risks

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, equity and commodity prices, credit spreads, or other risks. The level of market risk is influenced by the volatility and the liquidity in the markets in which financial instruments are traded. The Company mainly faces the following market risks:

Equity price risk:

Equity price risk arises from the possibility that equity security prices will fluctuate, affecting the value of equity securities and other instruments that derive their value from a particular stock, a defined basket of stocks, or a stock index. The Company tries to manage equity price risks by closely monitoring the market fluctuations in the prices of equities.

Risk of disputes:

Following margin trading, the Company's exposure to risk of disputes reduced significantly as the Company immediately communicates investors of the transactions executed through SMS notification and daily emails. Further, the Company sends statement of accounts to active investors at the end of each month.

However, the Company still has limited exposure to this risk where the Company execute a wrong trade and it may have to rectify it by purchasing or selling financial instruments at unfavorable market prices.

Credit risk:

The Group's exposure to credit risk is limited after initiation of margin trading. As per trading on margin rules and regulations and contract with investors, all accounts have to be settled within 2 business days where the net asset value of investor falls below 25% of the market value. In case of non-settlement, the Group has a right to liquidate the securities and get the value of account reinstated to 1:1 margin ratio.

Impairment on cash and cash equivalents has been measure on a 12-months expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and bank balances have low credit risk based on the external credit ratings of the counterparties. Amounts due from related parties are considered low risk and the management assessed this amount is recoverable.

The Group has adopted a lifetime expected credit loss allowance in estimating expected credit losses to amount due from investors through the use of provision matric using fixed rates of credit loss provisioning. These provisions are considered representation across all customers of the Group based on the historical allowance rates and forward looking information that is available.

21 INFORMATION ON FINANCIAL RISKS *(continued)*

Credit risk: *(continued)*

Generally, amounts due from investors are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of an investor to engage in repayment plan, no active enforcement activities and a failure to make contractual payments for a year greater than one year.

Further, to comply with new Securities and Commodities Authority (SCA) law, the Group made provision of 75% of the net asset value (NAV) of the outstanding balance of investors. NAV is the net outstanding balance after deducting market value of the shares held as security by the Group. Hence, net exposure to credit risk is limited.

Amounts due from investors are analysed below:

AMOUNTS DUE FROM INVESTORS – AGEING	*2018 AED*	*2017 AED*
Current		
Less than 30 days	23,624,757	48,667,627
31 to 90 days	22,675,912	18,825,070
Above 90 days	36,196,235	22,685,68
Balance at 31 December	82,496,904	90,178,265

The management controls the credit risk by close supervision of credit sanctions.

Further, the Group also holds the shares of investors under their brokerage account, its interests are protected to an extent.

Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities and adequate cash from operations are available. The Group's terms of brokerage contracts require the amounts to be received and settled in accordance with the settlement terms of the securities market. Outstanding receivables are monitored on continues basis.

The table below summaries the maturities of the Group undiscounted financial liabilities at 31 December 2018 and 31 December 2017, based on contractual payments.

2018	*Carrying amount AED*	*Contractual cash flows AED*	*Up to 3 months AED*	*3 months to 1 year*	*1 to 5 years*	*Over 5 years*
Amounts due to investors	102,784,025	102,784,025	102,784,025	-	-	-
Loan from related parties	12,085	12,085	12,085	-	-	-
Bank borrowing	6,394,459	7,758,508	253,300	751,157	5,314,392	1,439,659
Bank overdraft	54,105,153	54,105,153	43,523,709	10,581,444	-	-
Total	163,295,722	164,659,771	146,573,119	11,332,601	5,314,392	1,439,659

2017	*Carrying amount AED*	*Contractual cash flows AED*	*Up to 3 months AED*	*3 months to 1 year AED*	*1 to 5 years*	*Over 5 years*
Amounts due to investors	381,116,221	381,116,221	381,116,221	-	-	-
Bank borrowing	7,154,265	8,807,586	276,442	785,387	4,675,649	3,070,108
Bank overdraft	78,254,438	78,254,438	78,254,438	-	-	-
Total	466,524,924	468,178,245	459,647,101	785,387	4,675,649	3,070,108

21 INFORMATION ON FINANCIAL RISKS *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in the market rates.

The Group is not exposed to any significant interest rate risk on its financial assets since all financial assets either interest free or carried at fixed interest rate. Interest rate risk mainly concerns to financial liabilities.

The following table analyses financial assets and financial liabilities by interest rate:

	2018 *AED*	*2017* *AED*
FINANCIAL ASSETS		
Non-interest bearing	261,962,410	567,959,375
Fixed rate	13,101,000	17,747,174
	275,063,410	585,706,549
FINANCIAL LIABILITES		
Non-interest bearing	102,796,110	381,116,221
Floating rate	60,499,612	85,408,703
	163,295,722	466,524,924

Sensitivity analysis

A hypothetical increase in the interest rate by 100 basis points would increase loss by AED 604,996 (2017: AED 854,084).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is not significantly exposed to currency risk because substantial transactions are denominated in the functional currency of the Group. Transactions denominated in United States Dollar ("USD") and other currencies do not carry significant currency risk.

Fair value estimation

The Group adopted the amendment to IFRS 7, effective 1 January 2009. This requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices in active markets

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The following table analyses, within the fair value hierarchy, the Group's financial assets measured at fair value at 31 December 2018

21 INFORMATION ON FINANCIAL RISKS *(continued)*

Fair value estimation *(continued)*

	Level 1 *AED*	*Level 2* *AED*	*Level 3* *AED*	*Total* *AED*
31 December 2018				
Financial assets – Investment at fair value through OCI	-	-	3,753,946	3,753,946
31 December 2017				
Financial assets – Investment at fair value through OCI	2,141,668	-	3,753,946	5,895,614