BH MUBASHER FINANCIAL SERVICES PSC

(Previously known as "AL SAFWA MUBASHER FINANCIAL SERVICES PrJSC")

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
Nine month period ended

30 September 2019

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BH MUBASHER FINANCIAL SERVICES PSC

(Previously known as "AL SAFWA MUBASHER FINANCIAL SERVICES PrJSC")

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

Nine-month period ended 30 September 2019

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

The Shareholders

BH Mubasher Financial Services PSC
(Previously known as "Al Safwa Mubasher Financial Services PrJSC")

We have reviewed the accompanying condensed interim financial information of BH Mubasher Financial Services PSC (Previously known as "Al Safwa Mubasher Financial Services PrJSC") ("the Company") as at 30 September 2019, comprising of the condensed consolidated interim statement of financial position as at 30 September 2019 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the nine month period then ended and explanatory notes, prepared for interim reporting purposes. Management is responsible for the preparation and presentation of this condensed 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 September 2019, and of its financial performance and its cash flows for the nine month period then ended in accordance with International Financial Reporting Standards.

RSM Dahman

Ahmed Mohamed Salem Bamadhaf
Registration No.:459
Dubai, United Arab Emirates
15 October 2019

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Accountants • Auditors • Consultants

Condensed Consolidated Interim Statement of Financial Position
30 September 2019

	Note	30 September 2019 AED (Un-audited)	31 December 2018 AED (Audited)
ASSETS			
NON-CURRENT ASSETS			
Goodwill and other intangible assets	4	44,106,561	44,699,061
Property and equipment		10,409,956	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		63,520,463	85,786,887
CURRENT ASSETS			
Short term deposit under lien		13,101,000	13,101,000
Prepayments and other receivables	7	123,015,183	91,471,384
Amount due from related parties	8(b)	-	21,857,029
Cash and bank balances	9	159,708,477	124,882,693
Total current assets		295,824,660	251,312,106
Total assets		359,345,123	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		(3,977,575)	(3,089,039)
Merger reserve	10(c)	(390,410,680)	(390,410,680)
Total equity		170,969,418	171,857,954
NON-CURRENT LIABILITIES			
Bank borrowings	11	5,139,471	5,677,323
Employees' end of service benefits		1,584,409	1,851,730
Total non-current liabilities		6,723,880	7,529,053
CURRENT LIABILITIES			
Trade and other payables	12	177,012,597	102,877,612
Bank borrowings	11	717,136	717,136
Bank overdraft	9	-	54,105,153
Amount due to related party	8(b)	3,922,092	12,085
Total current liabilities		181,651,825	157,711,986
Total equity and liabilities		359,345,123	337,098,993

Abdel Hadi AL Sadi
Chief Executive officer

Maan Al Bostami
Chief Operating Officer

The attached notes 1 to 19 form an integral part of the condensed interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Nine Months Ended 30 September 2019

	Note	*Nine months ended*		*Three months ended*	
		30 September 2019	*30 September 2018*	*30 September 2019*	*30 September 2018*
		AED	*AED*	*AED*	*AED*
		(Un-audited)	*(Un-audited)*	*(Un-audited)*	*(Un-audited)*
INCOME					
Commission income		7,331,858	9,910,437	2,928,110	2,471,520
Income from margin trading		6,046,179	4,515,411	2,545,209	1,790,607
Finance income		241,713	228,330	81,433	73,984
Advisory Services		238,095	-	238,095	-
Other Income		1,763,334	559,578	159,377	62,921
		15,621,179	15,213,756	5,952,224	4,399,032
EXPENSES					
General and administrative expenses	15	(14,895,229)	(16,843,483)	(5,651,992)	(5,258,925)
Financial charges		(1,614,484)	(3,787,083)	(243,924)	(1,221,599)
		(16,509,713)	(20,630,566)	(5,895,916)	(6,480,524)
(LOSS) / PROFIT FOR THE PERIOD		(888,534)	(5,416,810)	56,308	(2,081,492)
STATEMENT OF COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Other comprehensive income		-	(172,099)	-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		-	(172,099)	-	-
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) / PROFIT FOR THE PERIOD		(888,534)	(5,588,909)	56,308	(2,081,492)
Basic and diluted (loss)/earnings per share (AED per share)		(0.00)	(0.01)	0.00	(0.00)

The attached notes 1 to19 form an integral part of the condensed interim financial information.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

Nine Months Ended 30 September 2019

	Share capital *AED*	*Legal reserve* *AED*	*Treasury shares* *AED*	*Merger reserve* *AED*	*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	-	-	-	-	-	(5,416,810)	(5,416,810)
Other comprehensive income for the period							
Net change in fair value reserve	-	-	-	-	(172,099)	172,099	-
Total comprehensive (loss) for the period	-	-	-	-	(172,099)	(5,244,711)	(5,416,810)
Balance at 30 September 2018	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	10,289,747	185,236,740
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	-	-	-	-	-	(888,534)	(888,534)
Other comprehensive income for the period							
Net change in fair value reserve	-	-	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	-	-	(888,534)	(888,534)
Balance at 30 September 2019	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	(3,977,575)	170,969,418

The attached notes 1 to19 form an integral part of the condensed interim financial information

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS
Nine Months Ended 30 September 2019

	Nine-month ended 30 September 2019 AED (Un-audited)	*Nine-month ended 30 September 2018 AED (Un-audited)*
OPERATING ACTIVITIES		
Loss for the period	(888,534)	(5,416,810)
Adjustment for:		
Depreciation	964,878	1,315,075
Amortization of intangible assets	592,500	592,500
Allowances for expected credit losses	-	194,714
Interest on bank borrowings	1,042,041	2,554,376
Interest income on deposits	(241,713)	(228,330)
Operating profit before working capital changes	1,469,172	(988,475)
Change in short term deposit under lien	-	4,629,809
Change in prepayments and other receivables	(31,543,800)	8,869,520
Change in due from related parties	42,600,394	2,143,867
Change in due to related parties	3,910,008	-
Change in trade and other payables	37,876,387	14,025,068
Change in employee end of service benefits	(267,320)	176,254
	54,044,841	28,856,043
Interest received on deposits	241,713	228,330
Cash flow from operating activities	54,286,554	29,084,373
INVESTING ACTIVITIES		
(Purchase) of furniture and equipment	(37,640)	(194,662)
Proceeds from computer equipment	3,322	-
Disposal of investment held for sale	-	6,000,000
Disposal of investment available for sale	-	2,141,668
Development expenditure on investment properties	-	(326,955)
Cash flow from / (used in) investing activities	(34,318)	7,620,051
FINANCING ACTIVITIES		
Repayment of bank borrowings	(537,851)	(580,522)
Interest paid on bank borrowings	(1,042,041)	(2,554,376)
Cash flow (used in) financing activities	(1,579,892)	(3,134,898)
INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	52,672,344	33,569,526
Cash and cash equivalents at 1 January	(52,478,468)	(76,458,946)
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	193,876	(42,889,420)
Represented by:		
Cash and bank balances	159,708,477	126,041,402
Client deposits	(159,514,601)	(124,408,249)
Bank overdraft	-	(44,522,573)
Cash and cash equivalents at the end of period	193,876	(42,889,420)

The attached notes 1 to19 form an integral part of the condensed interim financial information

1 Legal status and principal activities

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

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

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

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

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

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

The condensed consolidated financial information has been approved by Board of Directors on 15 October 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

This condensed interim financial report for the nine month period ended 30 September 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	-	(592,500)	(592,500)
As at 30 September 2019 (Un-audited)	38,379,061	5,727,500	44,106,561
As at 31 December 2018 (Audited)	38,379,061	6,320,000	44,699,061

5 INVESTMENT PROPERTIES

	Property under construction AED	*Total AED*
As at 1 January 2018	5,100,000	5,100,000
Development expenditure	326,955	326,955
Impairment	(176,955)	(176,955)
As at 31 December 2018 (Audited)	5,250,000	5,250,000
As at 30 September 2019 (Unaudited)	5,250,000	5,250,000

The fair value of Group's investment properties as at 30 September 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 September 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 September 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Receivable from customers (note 7.1)	110,533,736	82,496,904
Provision for doubtful debt (note 7.2)	(49,368)	(1,071,885)
	110,484,368	81,425,019
Prepayments	912,459	652,421
Other receivables:		
Net settlement due from:		
- Abu Dhabi Securities Exchange	-	1,392,402
- NASDAQ	433,452	1,309,249
- DFM	3,099,679	-
Deposits	804,200	782,314
Receivable from broker	5,444,859	5,265,224
Deposit with Market	1,095,900	-
Others	740,266	644,755
	123,015,183	91,471,384

7.1 As at 30 September 2019, market value of securities held as collateral amounted to AED 439 million (31 December 2018: AED 4.6 billion) against receivables from customers.

7.2 Movement in allowance for impairment of receivables:

	30 September 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	(1,022,517)	(3,081,847)
At 30 September / 31 December	49,368	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 September 2019 and the significant transactions with related parties during the period are as follows:

8(a) Transactions during the period

	30 September 2019 AED (Un-audited)	*30 September 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	1,205,000	2,300,047
Commission income earned from related parties (note 8.2)	852,011	1,496,364
Commission received from Board member	52,030	-
Service level agreement with Brokerage House Securities	1,387,442	-

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

	30 September 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)	-	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 September 2019. The significant balances have been settled during the period.

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

Amount due to related party:

Mubasher for Securities – Egypt	-	12,085
Brokerage House Securities LLC (BHS)	3,922,092	-
	3,922,092	12,085

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

8.2 The Group has an Executing Broker agreement with Mubasher Financial Services BSC ("MFS BSC") 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 September 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Cash and bank		
- Group's deposits	193,116	1,610,754
- Cash in hand	760	15,931
- Customers' deposits (note 9.1)	159,514,601	123,256,008
Cash and bank	159,708,477	124,882,693
Bank overdraft (note 9.2)	-	(54,105,153)
Customer deposits	(159,514,601)	(123,256,008)
Cash and cash equivalents	193,876	(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 September 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 September / 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 (Mubasher Financial Services) outstanding immediately before the business combination to the fair value of the legal acquirer (Al Safwa Islamic Financial Services). However, the equity structure (i.e. the number and type of equity instruments issued) reflects the equity structure of Al Safwa Islamic Financial Services, including the ordinary shares issued by Al Safwa Islamic Financial Services to effect the merger. The difference between the share capital and statutory reserve of Al Safwa Islamic Financial Services 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 September 2019 and 31 December 2018 is shown in the table below.

	30 September 2019 (Un-audited) AED	*31 December 2018 (Audited) AED*
Share capital of Mubasher Financial Services 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 Mubasher Financial Services	14,221,038	14,221,038
Less: statutory reserve of Al Safwa Islamic Financial Services	(3,631,718)	(3,631,718)
Add: Purchase consideration in business combination	129,841,748	129,841,748
Add: treasury shares of Al Safwa Islamic Financial Services	2,000,000	2,000,000
Total	(390,410,680)	(390,410,680)

11 BANK BORROWINGS

	30 September 2019 (Un-audited) AED	*31 December 2018 (Audited) AED*
Disclosed under statement of financial position as follows:		
Non-current portion of bank borrowings	5,139,471	5,677,323
Current portion of bank borrowings	717,136	717,136
	5,856,607	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. It secured by a first degree registered mortgage over the property.

12 TRADE AND OTHER PAYABLES

	30 September 2019 AED (Un-audited)	*31 December 2018 AED (Audited)*
Trade payables	168,253,187	98,291,758
Net settlement due to:		
- Dubai Financial Market	-	2,215,548
- Abu Dhabi Securities Exchange	3,052,568	-
- Other foreign markets	1,759	12,880
Other payables and accruals	5,705,083	2,357,426
Total trade and other payables	177,012,597	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 September 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
	60,000,000	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 September 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

	Nine months ended		*Three months ended*	
	30 September 2019	*30 September 2018*	*30 September 2019*	*30 September 2018*
	AED	*AED*	*AED*	*AED*
	(Un-audited)	*(Un-audited)*	*(Un-audited)*	*(Un-audited)*
Staff cost	7,690,982	7,833,592	3,344,837	1,922,063
Trading cost	2,845,816	3,443,529	695,576	1,263,176
Depreciation	964,878	1,315,075	320,705	431,990
Amortization	592,500	592,500	197,500	197,500
Rent	234,056	311,178	75,572	89,851
Legal and Professional	359,861	1,171,089	169,025	569,615
Registration	899,891	171,840	278,744	78,109
Communication	343,320	479,244	99,993	160,652
Allowances for the expected credit loss	-	194,714	-	3,219
Other expenses	963,925	1,330,722	470,040	542,750
	14,895,229	16,843,483	5,651,992	5,258,925

16 INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Level 1	*Level 2*	*Level 3*	*Total*
	AED	*AED*	*AED*	*AED*
30 September 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 September 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 September 2019 *AED* *(Un-audited)*	*30 September 2018* *AED* *(Un-audited)*
(Loss) for the period attributable to shareholders of the Group	(888,534)	(5,948,531)
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)

19 FINANCIAL RISKS

The Company's financial risk management objectives, policies and procedures are consistent with those disclosed in the financial statements for the year ended 31 December 2018.