BH MUBASHER FINANCIAL SERVICES PSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
Six month period ended

30 June 2020

BH MUBASHER FINANCIAL SERVICES PSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

For the six-month period ended 30 June 2020

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

The Shareholders
BH Mubasher Financial Services PSC

We have reviewed the accompanying condensed consolidated interim financial information of BH Mubasher Financial Services PSC ("the Company") and its subsidiary (collectively referred to as "the Group) as at 30 June 2020, comprising of the condensed consolidated interim statement of financial position as at 30 June 2020 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes, prepared for interim reporting purposes. Management is responsible for the preparation and presentation of this condensed consolidated 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 Group as at 30 June 2020, and of its financial performance and its cash flows for the six-month period then ended in accordance with International Financial Reporting Standards.

RSM Dahman

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RSM Dahman
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Ahmed Mohamed Salem Bamadhaf
Registration No.: 459
Dubai, United Arab Emirates
28 July 2020

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

30 June 2020

	Note	*30 June 2020* *AED* *(Un-audited)*	*31 December 2019* *AED* *(Audited)*
ASSETS			
NON-CURRENT ASSETS			
Goodwill and other intangible assets	4	43,527,268	43,935,476
Property and equipment		12,159,788	12,934,204
Investment properties	5	5,250,000	5,250,000
Financial assets through other comprehensive income	6	3,753,946	3,753,946
Total non-current assets		64,691,002	65,873,626
CURRENT ASSETS			
Short term deposit under lien		13,101,000	38,101,000
Prepayments and other receivables	7	148,225,094	143,369,969
Financial assets through profit and loss	6	7,691,698	1,034,613
Cash and bank balances	9	156,726,760	128,876,650
Total current assets		325,744,552	311,382,232
Total assets		390,435,554	377,255,858
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)	3,664,641	3,664,641
Fair value through OCI reserve		(115,793)	(115,793)
Accumulated losses		(1,097,239)	(2,792,736)
Merger reserve	10(c)	(390,410,680)	(390,410,680)
Total equity		173,882,677	172,187,180
NON-CURRENT LIABILITIES			
Bank borrowings	11	4,601,619	4,960,187
Employees' end of service benefits		1,449,369	1,410,664
Total non-current liabilities		6,050,988	6,370,851
CURRENT LIABILITIES			
Trade and other payables	12	209,784,753	136,742,146
Bank borrowings	11	717,136	717,136
Short term loan		-	24,000,000
Amount due to related parties	8(b)	-	37,238,545
Total current liabilities		210,501,889	198,697,827
Total equity and liabilities		390,435,554	377,255,858

Independent auditors' review report on page 1.

Abdel Hadi AL Sadi
CEO

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

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CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
Six Months Ended 30 June 2020

	Note	*Six months ended*		*Three months ended*	
		30 June 2020 AED (Un-audited)	*30 June 2019 AED (Un-audited)*	*30 June 2020 AED (Un-audited)*	*30 June 2019 AED (Un-audited)*
INCOME					
Commission income		10,622,084	4,403,749	6,293,084	2,078,150
Income from margin trading		5,579,843	3,500,970	2,929,652	1,446,245
Finance income		1,164,423	160,280	785,829	80,663
Other Income		272,230	1,520,923	147,768	1,403,815
		17,638,580	9,585,922	10,156,333	5,008,873
EXPENSES					
General and administrative expenses	15	(15,570,374)	(9,314,121)	(7,879,959)	(4,716,815)
Financial charges		(588,158)	(1,302,356)	(225,423)	(352,217)
Net realized and unrealized gain / (loss) on the investment at the fair value		215,449	-	1,052,708	-
		(15,943,083)	(10,616,477)	(7,052,674)	(5,069,032)
PROFIT / LOSS FOR THE PERIOD		1,695,497	(1,030,555)	3,103,659	(60,159)
STATEMENT OF COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Other comprehensive income		-	-	-	-
Net other comprehensive income not to be reclassified subsequently to profit or loss		-	-	-	-
Items that will be reclassified subsequently to profit or loss:					
Net other comprehensive (loss) to be reclassified subsequently to profit or loss		-	-	-	-
TOTAL COMPREHENSIVE PROFIT / LOSS FOR THE PERIOD		1,695,497	(1,030,555)	3,103,659	(60,159)
Basic and diluted earnings / (loss) per share (AED per share)		0.003	(0.00)	0.005	(0.00)

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
Six Months Ended 30 June 2020

	Share capital AED	*Legal reserve AED*	*Treasury shares AED*	*Merger reserve AED*	*Fair value reserve AED*	*Retained earnings AED*	*Total AED*
	Note 10	*Note 10(b)*	*Note 10(a)*	*Note 10(c)*			
Balance at 1 January 2019	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	(3,089,039)	171,857,954
Total comprehensive income for the period							
(Loss) for the period	-	-	-	-	-	(1,030,555)	(1,030,555)
Other comprehensive (loss) *for the period*							
Net change in fair value reserve	-	-	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	-	-	(1,030,555)	(1,030,555)
Balance at 30 June 2019	563,841,748	3,631,718	(2,000,000)	(390,410,680)	(115,793)	(4,119,594)	170,827,399
Balance at 1 January 2020	563,841,748	3,664,641	(2,000,000)	(390,410,680)	(115,793)	(2,792,736)	172,187,180
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,695,497	1,695,497
Other comprehensive (loss) *for the period*							
Net change in fair value reserve	-	-	-	-	-	-	-
Total comprehensive (loss) for the period	-	-	-	-	-	1,695,497	1,695,497
Balance at 30 June 2020	563,841,748	3,664,641	(2,000,000)	(390,410,680)	(115,793)	(1,097,239)	173,882,677

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASHFLOWS
Six Months Ended 30 June 2020

	Note	*Six-month ended 30 June 2020 AED (Un-audited)*	*Six-month ended 30 June 2019 AED (Un-audited)*
OPERATING ACTIVITIES			
Profit / (loss) for the period		1,695,497	(1,030,555)
Adjustment for:			
Depreciation		887,914	644,173
Amortization of intangible assets		408,208	395,000
Interest on bank borrowings		-	964,874
Gain on the sale of asset		(11,728)	-
Interest income on deposits		(1,163,879)	(160,280)
Operating profit before working capital changes		1,816,012	813,212
Change in short term deposit under lien		25,000,000	-
Change in prepayments and other receivables		(5,182,104)	(20,811,581)
Change in due from related parties		(37,238,545)	42,600,394
Change in due to related parties			2,911,506
Change in trade and other payables		49,496,253	28,707,288
Change in employee end of service benefits		38,705	(114,008)
		33,930,321	54,106,811
Interest received on deposits		1,163,879	160,280
Cash flow from operating activities		35,094,200	54,267,091
INVESTING ACTIVITIES			
(Purchase) of furniture and equipment		(139,223)	-
Proceeds from the sale of asset		37,453	
Purchase of financial assets through profit and loss		(5,354,801)	-
Cash flow (used in) investing activities		(5,456,571)	-
FINANCING ACTIVITIES			
Repayment of bank borrowings		(358,568)	(358,566)
Repayment of short term loan		(24,000,000)	(964,874)
Cash flow (used in) financing activities		(24,358,568)	(1,323,440)
INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		5,279,061	52,943,651
Cash and cash equivalents at beginning of period		3,975,326	(52,478,468)
CASH AND CASH EQUIVALENTS AT 30 JUNE		9,254,387	465,183
Represented by:			
Cash and bank balances	9	156,726,760	81,704,998
Client deposits	12	(147,472,373)	(81,239,815)
Cash and cash equivalents at the end of period		9,254,387	465,183

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

1 Legal status and principal activities

BH Mubahser Financial Services PSC ("the Company" or "BHM"), was incorporated on 11 March 2006 in accordance with the provisions of UAE Federal Law No. 2 of 2015 and was then called "Al Safwa Islamic Financial Services (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.

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

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

On 30 May 2019, the structure of shareholding has been changed of the Company's and it has been updated with DFM. The name of the Company also changed from Al Safwa Mubasher Financial Services (PrJSC) to BH Mubasher Financial Services PSC.

The condensed consolidated financial information comprise of 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 consolidated financial information has been approved by Board of Directors on 28 July 2020.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

This condensed interim financial information for the six-month period ended 30 June 2020 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 2019.

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.

a) New and amended standards adopted by the Group:

The following revised new and amended standards have been adopted in the condensed consolidated interim financial information.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

There has been no material impact on the condensed consolidated interim financial information of the Group upon adoption of the above new and amended standards.

b) New and amended standards not effective and not yet adopted by the Group

At the date of the condensed consolidated interim financial information, the following other standards, amendments and Interpretations have not been effective and have not been early adopted by the Group:

2 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

b) New and amended standards not effective and not yet adopted by the Group (continued)

New and amended standards not effective and not yet adopted by the Group	Effective date
IFRS 17 Insurance contracts	1 January 2021
Classification of liabilities as current or non-current (Amendments to IAS 1)	1 January 2022
Sale or contribution of assets between an investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)	Optional

Management anticipates that the application of the above amendments in future periods will have no material impact on the condensed consolidated interim financial information of the Group in the period of initial application.

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 2019.

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 PSC 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*	*Software AED*	*Total AED*
As at 1 January 2020	38,379,061	5,530,000	26,415	43,935,476
Amortisation for the period	-	(395,000)	(13,208)	(408,208)
As at 30 June 2020 (Un-audited)	38,379,061	5,135,000	13,207	43,527,268
As at 31 December 2019 (Audited)	38,379,061	5,530,000	26,415	43,935,476

5 INVESTMENT PROPERTIES

	Property under construction AED	*Total AED*
As at 1 January 2019	5,250,000	5,250,000
Development expenditure	-	-
As at 31 December 2019 (Audited)	5,250,000	5,250,000
Development expenditure	-	-
As at 30 June 2020 (Unaudited)	5,250,000	5,250,000

The investment property was under construction during the year that is why the Group did not yet started the depreciation on investments properties.

The fair value of Group's investment properties as at 30 June 2020 is AED 5.2million (31 December 2019: 5.2m based on unobservable market inputs (i.e. level 3).

The above investment property is on the name of ex vice chairman, Sheikh Mohammed Bin Ali Bin Rashid Al Nuaimi. He has confirmed that Group is the beneficial owner of this property.

6 FINANCIAL ASSETS

The Group have the following financial assets:

FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2020 AED (Un-audited) AED	*31 December 2019 AED (Audited) AED*
Investment in National Mass Housing Company	3,753,946	3,753,946

This investment represents 2.5% of interest held in National Mass Housing 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).

FINANCIAL ASSETS THROUGH PROFIT AND LOSS

Investments in local and foreign quoted shares	*30 June 2020 AED (Un-audited) AED*	*31 December 2019 AED (Audited) AED*
As at 1 January	1,034,613	-
Additions during the year	7,349,567	1,012,627
Fair value change during the period / year	(692,482)	21,986
As at 30 June / 31 December 2019	7,691,698	1,034,613

Investment in securities classified as fair value through profit and loss (FVTPL) represent a portfolio of investments in local and foreign quoted shares.

7 PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2020 AED (Un-audited)	*31 December 2019 AED (Audited)*
Receivable from customers (note 7.1)	136,105,546	136,060,834
Allowances for expected credit losses (note 7.2)	(48,003)	(48,003)
	136,057,543	136,012,831
Prepayments	925,241	666,914
Advances	336,770	336,770
Other receivables:		
- Net settlement due from:		
- NASDAQ	60,820	-
- Abu Dhabi Securities Exchange	-	-
Deposits	4,844,445	1,936,404
Receivable from broker	4,857,900	3,599,847
Others	1,142,375	817,203
	148,225,094	143,369,969

7 PREPAYMENTS AND OTHER RECEIVABLES *(continued)*

7.1 As at 30 June 2020, market value of securities held as collateral amounted to AED 4.4 billion (31 December 2019: AED 2 billion) against receivables from customers.

7.2 Movement in allowance for expected credit losses:

	30 June 2020 AED (Un-audited)	*31 December 2019 AED (Audited)*
At 1 January	48,003	1,071,885
Reversal of provision	-	(1,365)
Write-off	-	(1,022,517)
At 30 June/ 31 December	48,003	48,003

8 RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include, parent, subsidiaries, key management personnel or their close family members.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director, executive or otherwise, of the Group. Transactions with related parties are conducted on terms agreed mutually between the parties.

Details of the balances with related parties at 30 June 2020 and the significant transactions with related parties during the period are as follows:

8(a) Transactions during the period

	Six months ended	
	30 June 2020 AED (Un-audited)	*30 June 2019 AED (Un-audited)*
Expenses incurred by related parties on behalf of the Group and recharged to the Group	-	896,262
Expenses incurred by the Group on behalf of related parties recharged to related parties	-	66,363
Salary and benefits provided to key management personnel	-	1,906,500
Income earned from related parties	-	1,804,392
Commission received from Board member	-	52,030
Service level agreement and assets transferred from Brokerage House Securities	-	4,983,303

8(b) Balances with related parties as at 30 June 2020 are as follows:

	30 June 2020 AED (Un-audited)	*31 December 2019 AED (Audited)*
Amounts due to related parties:		
Due to entities jointly control by common management	-	37,238,545

9 CASH AND BANK BALANCES

	30 June 2020 *AED* *(Un-audited)*	*31 December 2019* *AED* *(Audited)*
Cash and bank		
- Group's overdraft / deposits	9,252,394	3,974,320
- Cash in hand	1,993	1,006
- Customers' deposits (note 9.1)	147,472,373	124,901,324
Cash and bank	156,726,760	128,876,650
Customer deposits	(147,472,373)	(124,901,324)
Cash and cash equivalents	9,254,387	3,975,326

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.

10 SHARE CAPITAL

	30 June 2020 *Number of shares* *(Un-audited)*	*31 December 2019* *Number of shares* *(Audited)*
In issue at 1 January	563,841,748	563,841,748
In issue at 30 June / 31 December	563,841,748	563,841,748
Total paid in capital (AED)	563,841,748	563,841,748

10(a) Treasury shares

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

10(b) Legal reserve

The legal reserve of the current and comparative year is those of Safwa, which is the legal acquirer. In accordance with UAE Federal Law (2) of 2015, 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 financial statements are 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.

10(c) Merger reserve *(continued)*

The calculation for balances outstanding on the merger reserve as at 30 June 2020 and 31 December 2019 is shown in the table below.

	30 June 2020 (Un-audited) AED	*31 December 2019 (Audited) AED*
Share capital of MFS transferred to merger reserve	31,000,000	31,000,000
Less: share capital of Safwa outstanding	(563,841,748)	(563,841,748)
Add: statutory reserve of MFS	14,221,038	14,221,038
Less: statutory reserve of Safwa	(3,631,718)	(3,631,718)
Add: Purchase consideration in business combination	129,841,748	129,841,748
Add: treasury shares of Safwa	2,000,000	2,000,000
Total	(390,410,680)	(390,410,680)

11 BANK BORROWINGS

	30 June 2020 (Un-audited) AED	*31 December 2019 (Audited) AED*
Bank borrowings (note 11.1)	5,318,755	5,677,323
Disclosed under statement of financial position as follows:		
Non-current portion of bank borrowings	4,601,619	4,960,187
Current portion of bank borrowings	717,136	717,136
	5,318,755	5,677,323

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

12 TRADE AND OTHER PAYABLES

	30 June 2020 AED (Un-audited)	*31 December 2019 AED (Audited)*
Customers' Deposits	147,472,373	130,158,679
Customers' Deposits with foreign markets	9,365,447	-
Customers' Unsettled Balances	3,322,445	-
Net settlement due to:		
- Dubai Financial Market	10,026,187	1,842,707
- Abu Dhabi Securities Exchange	975,305	2,339,328
- Nasdaq Dubai	155,518	335,763
- Other foreign markets	-	2,422
Short term advances	32,311,425	-
Other payables and accruals	6,156,053	2,063,247
Total trade and other payables	209,784,753	136,742,146

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

13 CONTINGENT LIABILITIES

	30 June 2020 *AED* *(Un-audited)*	*31 December 2019* *AED* *(Audited)*
Abu Dhabi Securities Exchange (ADX)	30,000,000	30,000,000
Dubai Financial Markets (DFM)	30,000,000	30,000,000
NASDAQ Dubai Limited (NASDAQ)	5,527,500	5,527,500
	65,527,500	65,527,500

The guarantees issued are secured by fixed deposits of AED 13,101,000 (31 December 2019: AED 13,101,000).

14 COMMITMENTS

	30 June 2020 *AED* *(Un-audited)*	*31 December 2019* *AED* *(Audited)*
Development expenditure on investment property	281,507	281,507

The Group has a commitment of development expenditure on investment properties amounting to AED 281,507 (31 December 2019: AED 281,507). The Group has signed an agreement with a contractor on 2 February 2014 to construct six sheds on land which is classified as investment property in the Group's condensed consolidated interim financial information. The total value of the contract is AED 2.6 million and as at the reporting date the Group has paid AED 2.38 million as per the agreement.

15 GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended		*Three months ended*	
	30 June 2020 *AED* *(Un-audited)*	*30 June 2019* *AED* *(Un-audited)*	*30 June 2020* *AED* *(Un-audited)*	*30 June 2019* *AED* *(Un-audited)*
Staff cost	9,964,620	4,346,145	5,075,994	2,373,001
Trading cost	2,307,940	2,150,240	1,193,995	955,794
Depreciation	887,914	644,173	445,717	241,791
Amortization	408,208	395,000	204,104	197,500
Rent	258,870	158,485	118,965	71,988
Legal and Professional	176,150	140,836	140,725	87,436
Registration and licensing	411,898	692,031	210,814	320,686
Communication	320,755	243,327	146,380	122,659
Other expenses	834,019	543,884	343,265	345,960
	15,570,374	9,314,121	7,879,959	4,716,815

Number of employees as at 30 June 2020 are 67 (30 June 2019: 33). The increase in number of employees is due to closure of BHS. Accordingly, all employees and business transferred to BHM.

16 FAIR VALUE HIERARCHY OF ASSETS MEASURED AT FAIR VALUE

	Level 1 AED	*Level 2 AED*	*Level 3 AED*	*Total AED*
30 June 2020 (Un-audited)				
Financial assets – Investment at fair value through P&L	7,691,698	-	-	7,691,698
Financial assets – Investment at fair value through OCI	-	-	3,753,946	3,753,946
31 December 2019 (Audited)				
Financial assets – Investment at fair value through P&L	1,034,613	-	-	1,034,613
Financial assets – Investment at fair value through OCI	-	-	3,753,946	3,753,946

There is no movement in Investment at fair value through OCI and hence, a level 3 reconciliation is not presented.

17 BASIS AND DILUTED EARNINGS PER SHARE

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

	30 June 2020 AED (Un-audited)	*30 June 2019 AED (Un-audited)*
Profit / (loss) for the period attributable to shareholders of the Group	1,695,497	(970,396)
Weighted average number of shares outstanding during the period	563,841,748	563,841,748
Basic and diluted (loss) /earning per share (AED per share)	0.003	(0.00)

18 COMPARATIVES

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

19 EVENTS AFTER THE REPORTING PERIOD

During the period, on 30 June 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. In addition, oil prices significantly dropped during January to March 2020 due to the effect of COVID-19 and a number of other political and economic factors. These factors have negatively affected the economies and the businesses of the regions where the Company operates. To alleviate the negative impact of the COVID-19 pandemic, the various governments including the UAE Government, other independent jurisdictions and regulators have taken measures and issued directives to support businesses at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity.

The situation, including the government and public response to the challenges, continue to progress and rapidly evolve.

The management is actively monitoring the situation and continues to take reasonable measures to safeguard the interests of all stakeholders. The Company has considered the possible impacts and its responses in the financial reporting. The Company has reviewed its exposure to Covid-19 related and other emerging business risks but has not identified any risks that could impact the financial performance or position of the Company as at 30 June 2020. The Company is also currently confident of surviving this phase and accordingly these financial statements have been prepared on a going concern basis.