

Al Ansari Financial Services PJSC and its Subsidiaries

Review report and condensed interim consolidated financial
statements for the three-month period ended 31 March 2023



2023
FIRST QUARTER



AL ANSARI FINANCIAL SERVICES PJSC AND ITS SUBSIDIARIES

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REVIEW REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders

Al Ansari Financial Services PJSC

Dubai, United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim consolidated balance sheet of Al Ansari Financial Services PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 March 2023 and the related statements of comprehensive income, changes in equity and cash flows for the three-month ended 31 March 2023. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this 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 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.

Other Matter

The comparative information presented in the condensed interim consolidated statements of income, comprehensive income, changes in equity and cash flows and related notes has not been reviewed or audited.

The financial statements of the Group for the year period ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 21 February 2023.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte & Touche (M.E.)



Akbar Ahmad
Registered No. 1141
10 May 2023
Dubai
United Arab Emirates



Al Ansari Financial Services PJSC and its Subsidiaries

Condensed interim consolidated statement of financial position
as at 31 March 2023

	Notes	31 March 2023 (Unaudited)	31 December 2022 (Audited)
		AED'000	AED'000
ASSETS			
Non-current assets			
Right of use assets	4	94,659	67,235
Property, equipment and intangibles	5	51,156	49,067
Capital work in progress		7,535	4,337
Total non-current assets		153,350	120,639
Current assets			
Cash in hand and in transit	6	877,331	1,051,113
Due from banks	6	1,561,024	1,432,617
Due from exchange houses and agents	6	264,032	64,863
Due from related parties	7	29,085	217
Prepayments and other receivables	8	96,841	94,001
Total current assets		2,828,313	2,642,811
Total assets		2,981,663	2,763,450
LIABILITIES AND EQUITY			
LIABILITIES			
Non-current liabilities			
Lease liabilities	9	43,551	23,658
Provision for employees' end of service benefits		42,796	41,853
Total non-current liabilities		86,347	65,511
Current liabilities			
Trade and other payables	10	731,534	657,492
Due to banks		21,316	10,824
Due to exchange houses and agents		61,965	39,861
Due to related parties	7	4,271	817
Bank borrowings	11	298,960	348,750
Lease liabilities	9	38,031	33,965
Total current liabilities		1,156,077	1,091,709
Total liabilities		1,242,424	1,157,220
EQUITY			
Share capital	13	75,000	75,000
Acquisition reserve	14	286,143	286,143
Retained earnings		1,378,096	1,245,087
Total equity		1,739,239	1,606,230
Total liabilities and equity		2,981,663	2,763,450

To the best of our knowledge, the condensed interim consolidated financial statements are prepared, in all material respects, in accordance with IAS 34. The condensed interim consolidated financial statements were approved by the Board of Directors and authorised for issue on 10 May 2023 and signed on its behalf:


Rashed Al Ansari
Group Chief Executive Officer


Faisal Anwar
Group Chief Financial Officer



Al Ansari Financial Services PJSC and its Subsidiaries

Condensed interim consolidated statement of comprehensive income
for the three-month period ended 31 March 2023

Three-month period ended 31 March

	Notes	2023 (Unaudited)	2022 (Unaudited and unreviewed)
		AED'000	AED'000
Continuing operations Income			
Net gain on currency exchange		149,634	136,387
Net commission income		137,388	126,729
Interest income		5,798	857
Other income		179	-
Total income		292,999	263,973
Expenses			
Salaries and benefits	15	(107,422)	(96,412)
General and administrative expenses		(27,677)	(25,146)
Depreciation and amortisation		(19,262)	(16,700)
Provision for expected credit losses		(240)	(1,000)
Finance cost		(5,088)	(378)
Bank charges		(301)	(224)
Profit from continuing operations		133,009	124,113
Profit from discontinued operations	16	-	1,892
Net profit for the period		133,009	126,005
Other comprehensive income		-	-
Total comprehensive income for the period		133,009	126,005
Net profit attributable to:			
Shareholders of Al Ansari Financial Services P.J.S.C.		133,009	125,916
Non-controlling interest		-	89
		133,009	126,005
Profit attributable to shareholders of Al Ansari Financial Services P.J.S.C.:			
Continuing operations		133,009	124,113
Discontinued operations		-	1,803
		133,009	125,916
Basic and diluted earnings per share			
Continuing operations - AED per share		0.0177	0.0165
Discontinued operations - AED per share		-	0.0002
Total basic and diluted earnings per share - AED		0.0177	0.0167

Al Ansari Financial Services PJSC and its Subsidiaries

Condensed interim consolidated statement of changes in equity
for the three-month period ended 31 March 2023

	Share capital	Acquisition reserve	Shareholders' current account	Retained earnings	Total Shareholders' equity	Non-controlling interest	Total equity
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
At 1 January 2022 (Audited)	50,000	1,381,043	96,934	983,980	2,511,957	14,513	2,526,470
Total comprehensive income for the period	-	-	-	125,916	125,916	89	126,005
Distribution from current account	-	-	(26,584)	-	(26,584)	-	(26,584)
At 31 March 2022 (Unaudited and unreviewed)	50,000	1,381,043	70,350	1,109,896	2,611,289	14,602	2,625,891
At 1 January 2023 (Audited)	75,000	286,143	-	1,245,087	1,606,230	-	1,606,230
Total comprehensive income for the period	-	-	-	133,009	133,009	-	133,009
At 31 March 2023 (Unaudited)	75,000	286,143	-	1,378,096	1,739,239	-	1,739,239



Al Ansari Financial Services PJSC and its Subsidiaries

Condensed interim consolidated statement of cash flows
for the three-month period ended 31 March 2023

Three-month period ended 31 March

	Notes	2023 (Unaudited)	2022 (Unaudited and unreviewed)
		AED'000	AED'000
Cash flows from operating activities			
Net profit for the period		133,009	126,005
Adjustments for:			
Depreciation and amortisation	4,5	19,263	18,018
Provision for expected credit losses	6.2	240	1,000
Finance cost		5,088	378
Provision for employees' end of service benefits	15	1,881	1,604
Loss on disposal of property, equipment and intangibles		194	-
Operating cash flows before settlement of employees' end of service benefits and changes in working capital		159,675	147,005
Settlement of employees' end of service benefits		(938)	(716)
Changes in working capital:			
Due from exchange houses and agents		(199,169)	(9,189)
Due from related parties		(28,868)	(9,749)
Prepayment and other receivables		(2,840)	(735)
Trade and other payables		74,042	109,798
Due to related parties		3,454	(4,845)
Due to exchange houses and agents		22,104	18,850
Blocked deposits with banks		(54)	5,050
Net cash generated from operating activities		27,406	255,469
Cash flows from investing activities			
Payment for purchase of property, equipment and intangibles		(7,469)	(3,415)
Capital work in progress		(3,198)	(240)
Fixed deposits		110,190	(149,984)
Investments at fair value through profit & loss		-	10
Net cash generated from / (used in) investing activities		99,523	(153,629)
Cash flows from financing activities			
Disbursements from shareholders' current account		-	(26,584)
Lease liabilities paid	9	(18,520)	(14,507)
Repayment of bank borrowings		(53,900)	-
Net cash used in financing activities		(72,420)	(41,091)
Net change in cash and cash equivalents		54,509	60,749
Cash and cash equivalents at the beginning of the period		2,226,625	2,681,258
Cash and cash equivalents at the end of the period	17	2,281,134	2,742,007



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements
for the three-month period ended 31 March 2023

1. Legal status and principal activities

Al Ansari Financial Services P.J.S.C. (the "Company") is a public joint stock company with trade license number 758204 issued by the Department of Economy and Tourism in Dubai.

The Company was initially established as a limited liability company on 9 May 2016. The legal status of the Company has been converted to a public joint stock company on 3 April 2023 by virtue of the Company's shareholders' resolution.

Pursuant to a resolution dated 8 March 2023, the shareholders approved the listing of the Company's shares on Dubai Financial Market whereby 10% of its shares were offered to the general public in an Initial Public Offering ("IPO"). The shares of the Company were listed on Dubai Financial Market on 6 April 2023.

As of the reporting date, Al Ansari Holding LLC (the "Parent Company") held 90% of the issued share capital whereas the remaining 10% is held by the general public.

The condensed interim consolidated financial statements for the period ended 31 March 2023 comprise the interim financial statements of the Company and its following subsidiaries (together referred to as the "Group").

Name of the subsidiary	Percentage holding	
	31 March 2023	31 December 2022
Al Ansari Exchange L.L.C.	100%	100%
Worldwide Cash Express Limited	100%	100%
Blue Horizon on Demand Labours Supply Services L.L.C.	100%	100%
Cash Trans Money & Valuables Transport Services L.L.C.	100%	100%

All the subsidiaries mentioned above are incorporated in the United Arab Emirates.

The Group is engaged in the business of buying and selling of foreign currencies and travellers cheques, cheques, executing remittance operations in local and foreign currencies, payment of wages through establishing a link to the operating system of "wages protection", provision of special products and services (i.e. bill payments, cash collections, sale and reload of multi-currency prepaid cards) and transportation of cash and valuables.

The registered office of the Group is at PO Box 6176, Dubai, UAE.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

2. Basis of preparation

a. Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard 34. "Interim Financial Reporting" issued by the International Accounting Standards Board.

The condensed interim consolidated financial statements do not include all the information required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited consolidated financial statements as at and for the year ended 31 December 2022.

The condensed interim consolidated financial statements are presented in United Arab Emirates Dirhams (AED) which is the Company's functional currency and the Group's presentation currency. All amounts have been rounded to the nearest AED thousands ('000s), unless stated otherwise.

The condensed interim consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

No income of a seasonal nature was recorded in the condensed interim consolidated financial statements for the three-month period ended 31 March 2023. However, the results for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

b. Judgments and estimates

The preparation of these condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, equity, income and expense. Actual amount may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of uncertainty in relation to estimates were the same as those which were applicable to the audited consolidated financial statements as at and for the year ended 31 December 2022.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

3. Summary of significant accounting policies

The accounting policies used in the preparation of these condensed interim consolidated financial statement are consistent with those used in the preparation of the Group's condensed interim consolidated financial statements for the year ended 31 December 2022, and the notes attached thereto.

3.1 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2022.

4. Right of use assets

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Properties	94,659	67,235

The movement of right of use assets - properties during the three-month period:

	(Unaudited)
	AED'000
At 1 January 2023	67,235
Additions (Note 7 (a))	41,501
Depreciation expense	(14,077)
At 31 March 2023	94,659



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

5. Property, equipment and intangibles

	Furniture and fixtures	Computers, software, and office equipment	Motor vehicles	Total
	AED'000	AED'000	AED'000	AED'000
31 December 2022 Cost	111,395	76,139	9,623	197,157
Accumulated depreciation	(86,691)	(54,952)	(6,447)	(148,090)
Net book value as at 31 December 2022 (audited)	24,704	21,187	3,176	49,067
For the three-month period				
Additions	2,681	2,068	2,720	7,469
Reclassification	70	(70)	-	-
Disposals	(185)	(9)	-	(194)
Depreciation	(2,549)	(2,305)	(332)	(5,186)
Net book value as at 31 March 2023	24,721	20,871	5,564	51,156
31 March 2023 (Unaudited)				
Cost	112,688	79,402	12,343	204,433
Accumulated depreciation	(87,967)	(58,531)	(6,779)	(153,277)
Net book value	24,721	20,871	5,564	51,156

6. Cash in hand and in transit, due from banks, exchange houses and agents

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Cash in hand and in transit		
Cash in hand	848,284	1,029,310
Cash in transit	29,047	21,803
Total amount of cash in hand and in transit	877,331	1,051,113



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

6. Cash in hand and in transit, due from banks, exchange houses and agents (continued)

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Due from banks		
Balances with banks in UAE		
- Current accounts	896,092	783,448
- Fixed deposits	91,735	201,925
- Blocked deposits	40,530	40,476
- Advances to banks against credit card collections	3,606	5,218
- FAWARI receivables (credit card receivables)	27,683	23,380
	1,059,646	1,054,447
Balances with banks outside UAE		
- Current accounts	497,738	374,290
- Blocked deposits	9,880	9,880
	507,618	384,170
Less: provision for expected credit losses (note 6.2)	(6,240)	(6,000)
	501,378	378,170
Total amount due from banks	1,561,024	1,432,617
Due from exchange houses and agents		
Balances with exchange houses and agents inside UAE	458	68
Balances with exchange houses and agents outside UAE	263,574	64,795
Total amount due from exchange houses and agents	264,032	64,863
Total balance of cash in hand and in transit, due from banks, exchange houses and agents (note 6.3)	2,702,387	2,548,593

6.1. Amounts due from banks, exchange houses and agents are regularly assessed for credit quality having regard to their credit rating assigned by international or respective country's rating agencies and the country risk.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

6. Cash in hand and in transit, due from banks, exchange houses and agents (continued)

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Assessed high rated externally (A1-Baa3)	1,216,677	1,135,001
Assessed medium to low rated externally (Ba3-B1)	113,527	125,899
Unrated externally, Assessed high rated internally	308,854	132,941
Unrated – others	192,239	109,639
	1,831,297	1,503,480

6.2. The movement for provision for expected credit losses during the three-month period:

	Stage 1
	AED'000
At 1 January 2023 (Audited)	6,000
Provision during the period	240
At 31 March 2023 (Unaudited)	6,240

6.3 Due to the nature of the Group's business, the ageing of amounts due from banks, other than fixed deposits and blocked deposits, and from exchange houses is within 30 days.

7. Related party transactions

Related parties comprise shareholders, directors, key management personnel, their related businesses and the Group's associates and joint ventures.

The Group enters into transactions with other entities that fall within the definition of a related party as defined in the International Accounting Standard No. 24: Related Party Disclosures. These transactions are entered into in the normal course of business and mainly include foreign exchange, remittance arrangements and rental of office / branch premises.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

7. Related party transactions (continued)

The significant transactions included in these condensed interim consolidated financial statements are as follows:

Three-month period ended 31 March

	2023 (Unaudited)	2022 (Unaudited and unreviewed)
	AED'000	AED'000
Transactions with related parties (companies under common control)		
Commission income earned – Al Ansari Exchange Co WLL, Kuwait	119	97
Interest paid – Group entities	-	189
Right of use asset for head office lease - Al Ansari Real Estate LLC (a)	20,031	-
Finance Cost and depreciation	1,234	-

- a) During the three-month period ended 31 March 2023, the Group entered into a lease agreement with a related party, Al Ansari Real Estate LLC, for a fixed term of six years in relation to renting the head office premises of the Group resulting in right of use and lease liability addition of AED 20 million.

7.1 Due from / to related parties (companies under common control)

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Due from related parties		
Group entities	29,085	217
Due to related parties		
Group entities	4,271	817



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

7.1 Due from / to related parties (companies under common control) (continued)

Due from related parties represent unsecured interest free current accounts which have arisen in the normal course of business. The expected credit loss on the due from related parties is immaterial.

Due to related parties represents unsecured interest free current accounts which have arisen under the normal course of business. Certain due to related party balances as at 31 March 2022 were subject to an average interest rate of 1.15%. These balances were fully settled during 2022.

7.2 Key management personnel

The total amount of compensation paid to key management personnel during the period is as follows:

Three-month period ended 31 March

	2023 (Unaudited)	2022 (Unaudited and unreviewed)
	AED'000	AED'000
Salaries and other benefits	3,304	2,779

Key management personnel include the Group's Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer, other C-Suite officers, and department heads.

8. Prepayments and other receivables

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Prepaid expenses	6,884	7,868
Bills receivables	10,658	10,128
Security deposits and other receivables (note 8.1)	57,543	53,674
Deposit with tax authorities (note 8.2)	12,801	12,801
Commission income receivable in relation to WPS	700	132
Positive value of overnight foreign currency forwards	8,255	9,398
	96,841	94,001

8.1 Other receivables are primarily related to counterparties in the UAE. The expected credit loss on other receivables is insignificant.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

8. Prepayments and other receivables

8.2 Deposit with tax authorities

Voluntary disclosures filed for tax periods from January 2018 to January 2019 – AED 0.97 million

On 29 March 2019, the Group had filed voluntary disclosures as a result of applying incorrect apportionment formula for allocating input tax into taxable and exempt supplies for the tax period from January 2018 to January 2019. The Federal Tax Authority (FTA) accepted the voluntary disclosures, however, levied a penalty of AED 0.97 million, on the tax shortfall of AED 1.88 million, originated as a result of using an inappropriate method of apportionment.

The Group has challenged the levy of these penalties based on the contention that the Group had a refundable tax position during the tax period January 2018 to December 2018 and therefore, any tax shortfall should have been adjusted with the excess refundable position.

On 30 August 2022, the Federal Court of First Instance decided the matter against the Group. The Group filed an appeal against the decision on 29 September 2022. However, on 16 November 2022, the Federal Court of Appeal upheld the decision of Federal Court of First Instance against which the Group has filed an appeal with Federal Supreme Court pending hearing.

Tax assessment for tax periods from January 2018 to January 2019 – AED 6.53 million

During the year 2020, The FTA had assessed that the share of income received from sending agents in relation to inward remittances is subject to standard rate of tax. Accordingly, FTA had assessed short payment of VAT by the Group and related penalties amounting to AED 9.43 million based on the view that the recipients of the service reside in UAE. In 2021, the FTA reduced its original assessment to AED 6.53 million. The Group is of the view that receipt of such income should be zero rated in accordance with VAT regulations due to the fact that the services are provided to the sending agents who are non-resident person at the time of providing such services and filed an appeal with Federal Court of First Instance.

On 8 February 2022, the Federal Court of First Instance has decided the matter in favour of the Group. However, the FTA had filed an appeal challenging the decision of the Court. During the three-month period, the Federal Court of Appeal upheld the decision of Federal Court of First Instance, against which FTA has filed an appeal with the Federal Supreme Court which is pending hearing.

Voluntary disclosures filed for tax periods from February 2019 to October 2020 – AED 5.30 million

Further, as a result of above-mentioned tax assessment and to avoid further penalties, the Group has filed voluntary disclosures in 2021 for tax periods from February 2019 to October 2020 and additionally paid AED 5.30 million (VAT and related penalties). The Group reserves the right to get a refund from FTA if the matter is decided by the Federal Supreme Court in the Group's favour.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

9. Lease liabilities

The movement of lease liabilities is provided below:

	2023 (Unaudited)
	AED'000
At 1 January 2023	57,623
Additions	41,501
Finance cost on lease liability	978
Payments	(18,520)
At 31 March 2023	81,582

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Non-current	43,551	23,658
Current	38,031	33,965
	81,582	57,623

10. Trade and other payables

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Travel card payables (note 10.1)	167,755	168,916
Bills payables	133,334	81,499
Cash Express remittances payable (note 10.2)	85,640	60,871
Payable balances in relation to Wage Protection System ("WPS")	149,945	130,122
Payable to Western Union in lieu of remittance funding	5,511	12,780
Accrued expenses	48,956	59,068
Other payables	140,393	144,236
	731,534	657,492

10.1 Travel card payables represent money loads from customers which are placed with Abu Dhabi Islamic Bank and exclusively used for settlements to Visa International upon spending by the customers.

10.2 Represents pending settlements to beneficiaries for the remittances made by the customers.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

11. Bank borrowings

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Term loan facility	298,960	298,750
Bank overdraft	-	50,000
	298,960	348,750

11.1 Term loan facility

On 24 November 2022, the Group arranged a term loan facility of AED 1,000 million with Abu Dhabi Commercial Bank PJSC ("ADCB") for a period of three years with an initial drawdown of AED 300 million against the facility on 29 December 2022. The facility can be drawn in multiple tranches whereby each tranche is repaid in full along with the interest within 90 days of utilisation, with an option to rollover the principal amount throughout the term. The facility carries interest at 3-month EIBOR plus a fixed margin per annum with an upfront processing fee of 0.25% of the facility amount.

As per the facility, each drawdown should be secured by way of pledge over fixed deposits and accordingly the drawdown of AED 300 million is secured against a deposit for a similar amount by the Parent Company.

11.2 Bank overdraft

The Group has entered into an overdraft facility agreement with National Bank of Um Al Quwain for AED 50 million. The facility is available to meet the working capital requirements of the Group and carries variable interest at 3-month EIBOR plus a fixed margin.

The overdraft facility is repayable on demand and is secured by an account pledge over the margin deposit placed by the Group.

12. Contingencies and commitments

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Contingent liabilities		
Guarantees issued by banks in favour of		
Central Bank of the UAE ("CBUAE")	235,000	220,000
Financial institutions for correspondent relationships (note 12.1)	11,826	11,826
Total guarantees arranged and issued	246,826	231,826

12.1 The Group has arranged guarantees from local commercial banks, drawn in favour of certain correspondent banks as required under terms of the respective correspondent arrangements.

12.2 The commitment in respect of capital expenditure incurred as at 31 March 2023 amounts to AED 3.76 million (31 December 2022: AED 3.70 million).



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

13. Share capital

At 31 March 2023, the authorised issued and fully paid share capital of the Company comprised 7,500,000,000 ordinary shares of AED 0.01 each (31 December 2022: 7,500,000,000 ordinary shares of AED 0.01 each).

14. Acquisition reserve

On 1 January 2018, the Company had entered into an equity acquisition arrangement with its shareholders whereby all the shareholders transferred their individual equity interest in the Group entities to the Company.

The fair value of the net assets that were acquired at the effective date of control were treated as Acquisition reserve, a reserve distributable to the shareholders, as there was no consideration paid to shareholders.

15. Salaries and benefits

Three-month period ended 31 March

	2023 (Unaudited)	2022 (Unaudited and unreviewed)
	AED'000	AED'000
Salaries and wages	81,343	70,530
Staff bonuses and incentives	9,111	6,301
Leave salary and air tickets	8,468	7,519
Employees' end of service benefits	1,881	1,604
Other benefits	6,619	10,458
	107,422	96,412

16. Discontinued operations

On 30 September 2022, the Board resolved to carry out an internal restructuring of the Group whereby all the shares owned by the Company in Al Ansari Real Estate LLC and Al Ansari Financial Brokerage LLC were sold to the Parent Company on 24 November 2022 and 30 November 2022 respectively.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

16. Discontinued operations (continued)

Financial information and cash flow information presented are for the three-month period from 1 January to 31 March 2022:

	2022 (Unaudited and unreviewed)
	AED'000
Net commission income	1,274
Interest income – net	360
Rental income	3,889
Other income	303
	5,826
Salaries and benefits	(763)
General and administrative expenses	(1,697)
Depreciation and amortisation	(1,318)
Bank and finance charges	(156)
Profit from discontinued operations	1,892
Net cash flows from operating activities	11,227
Net cash flows used in investing activities	(83)
Net cash flows from discontinued operations	11,144

17. Cash and cash equivalents

	31 March 2023 (Unaudited)	31 December 2022 (Audited)	31 March 2022 (Unaudited)
	AED'000	AED'000	AED'000
Cash in hand and in transit	877,331	1,051,113	974,488
Due from banks - gross	1,567,264	1,438,617	1,993,953
Due to banks	(21,316)	(10,824)	(14,853)
	2,423,279	2,478,906	2,953,588
Less:			
Fixed deposits with an original maturity longer than three months	(91,735)	(201,925)	(154,984)
Blocked deposits with banks inside UAE	(40,530)	(40,476)	(46,717)
Blocked deposits with banks outside UAE	(9,880)	(9,880)	(9,880)
Total cash and cash equivalents	2,281,134	2,226,625	2,742,007



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

18. Reporting segments

For management purposes, the Group is organised into business units based on relevant business activities and has three main reportable segments, as follows:

- **Money Exchange and Remittances:** the Group primarily provides cross-border and domestic remittances, purchase and sale of foreign currencies, processing salaries, bill collections and sale of prepaid travel cards. The Group provides these services to its customers through a wide branch network, digital channels and smart counters.
- **Lease of real estate properties:** the Group owns real estate properties and leases it to individuals and businesses for residential and commercial purposes.
- **Securities brokerage:** the Group provides brokerage services in local securities traded on Dubai Financial Market (DFM) & Abu Dhabi Stock Exchange (ADX).

The Senior Management Committee is the Chief Operating Decision Maker (CODM) and monitors the segment results for the purposes of making decisions in relation to resource allocation and performance assessment.

For the three-month ended 31 March 2023 (Unaudited)

	Money exchange & remittances	Lease of real estate properties	Securities brokerage	Un-allocated Others	Segment Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	291,224	-	-	1,775	292,999
Expenses					
Salaries and benefits, general, administrative and other expenses	(158,671)	-	-	(1,319)	(159,990)
Segment profit from continued operations	132,553	-	-	456	133,009
Profit from discontinued operations	-	-	-	-	-
Segment profit for the period	132,553	-	-	456	133,009



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

18. Reporting Segments (continued)

For the three-month ended 31 March 2022 (Unaudited and unreviewed)

	Money exchange & remittances	Lease of real estate properties	Securities brokerage	Un- allocated Others	Segment Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	261,952	-	-	2,021	263,973
Expenses					
Salaries and benefits, general, administrative and other expenses	(138,636)	-	-	(1,224)	(139,860)
Segment profit from continued operations	123,316	-	-	-	124,113
Profit from discontinued operations	-	1,487	405	-	1,892
Segment profit for the period	123,316	1,487	405	797	126,005

The Group generates all its revenue from the UAE and all non-financial assets are located in the UAE.

For geographical concentration of financial assets please refer to notes 6 and 8.

19. Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company.

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash in transit, due from banks, due from exchange houses and agents, due from related parties and other receivables. Financial liabilities consist of trade and other payables, due to banks, due to exchange houses and agents, due to related parties, borrowings from banks and lease liabilities. Fair value of all financial assets and financial liabilities that are measured at amortized cost approximate their fair value.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the three-month period ended 31 March 2023

19. Fair value measurement (continued)

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amount of financial assets and financial liabilities approximates their fair values.

Other receivables include forward contracts which are valued based on the difference between the contractual forward rate and forward rate determined on the reporting date.

20. Litigations

The Group is subject to litigations in the normal course of its business. The Group expects that the outcome of these legal cases will not have a material impact on the Group's condensed interim consolidated financial performance or condensed interim consolidated financial position.

21. Subsequent events

Other than as disclosed in note 1, there are no other significant events after the reporting period that would require adjustment or disclosure in these condensed interim consolidated financial statements.

22. Corporate tax in UAE

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE.

The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Following the publication of the Cabinet Decision on 16 January 2023, the Group will be subject to a 9% corporate tax rate on taxable income above a threshold of AED 375,000 for periods beginning on or after 1 June 2023. The Group is currently in the process of assessing the possible impact on its financial statements, both from current and deferred tax perspective.