

Al Ansari Financial Services PJSC and its Subsidiaries

Review report and condensed interim consolidated financial
statements for the nine-month period ended 30 September 2023



2023
THIRD 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 30 September 2023 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period ended 30 September 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 Matters

The interim financial information for the nine month period ended 30 September 2022 was reviewed by another auditor who expressed an unmodified conclusion on that information on 15 November 2022.

The financial statements of the Group for the year 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.)



Firas Anabtawi
Registration No. 5482
08 November 2023
Dubai
United Arab Emirates



Al Ansari Financial Services PJSC and its Subsidiaries

Condensed interim consolidated statement of financial position
as at 30 September 2023

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
		AED'000	AED'000
ASSETS			
Non-current assets			
Right of use assets	4	94,817	67,235
Property, equipment and intangibles	5	59,789	49,067
Capital work in progress		6,870	4,337
Total non-current assets		161,476	120,639
Current assets			
Cash in hand and in transit	6	823,736	1,051,113
Due from banks	6	1,659,853	1,432,617
Due from exchange houses and agents	6	241,147	64,863
Due from related parties	7	35,792	217
Prepayments and other receivables	8	109,831	94,001
Total current assets		2,870,359	2,642,811
Total assets		3,031,835	2,763,450
LIABILITIES AND EQUITY			
LIABILITIES			
Non-current liabilities			
Lease liabilities	9	45,943	23,658
Provision for employees' end of service benefits		44,430	41,853
Total non-current liabilities		90,373	65,511
Current liabilities			
Trade and other payables	10	816,532	657,492
Due to banks		26,931	10,824
Due to exchange houses and agents		63,511	39,861
Due to related parties	7	1,932	817
Bank borrowings	11	-	348,750
Lease liabilities	9	38,523	33,965
Total current liabilities		947,429	1,091,709
Total liabilities		1,037,802	1,157,220
EQUITY			
Share capital	13	75,000	75,000
Acquisition reserve	14	286,143	286,143
Retained earnings		1,632,890	1,245,087
Total equity		1,994,033	1,606,230
Total liabilities and equity		3,031,835	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 08 November 2023 and signed on its behalf by:

Rashed Al Ansari
Group Chief Executive Officer

Faisal Anwar
Group Chief Financial Officer

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



Al Ansari Financial Services PJSC and its Subsidiaries

Condensed interim consolidated statement of profit or loss and other comprehensive income for the nine-month period ended 30 September 2023

		Three-month period ended 30 September	Three-month period ended 30 September	Nine-month period ended 30 September	Nine-month period ended 30 September
	Note	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
		AED'000	AED'000	AED'000	AED'000
Continuing operations Income					
Net gain on currency exchange		131,262	164,524	411,869	454,206
Net commission income		154,028	135,677	451,447	396,756
Interest income		6,199	2,762	15,456	5,336
Other income		1,342	248	4,412	277
Total income		292,831	303,211	883,184	856,575
Expenses					
Salaries and benefits	15	(113,844)	(99,466)	(333,714)	(296,388)
General and administrative expenses		(30,882)	(25,909)	(89,573)	(76,946)
Depreciation and amortisation		(21,595)	(18,577)	(61,630)	(51,212)
Provision for expected credit losses		-	(300)	(240)	(1,600)
Finance cost		(1,683)	(656)	(9,302)	(1,587)
Bank charges		(317)	(349)	(922)	(919)
Profit from continuing operations		124,510	157,954	387,803	427,923
Profit from discontinued operations	16	-	2,127	-	6,113
Net profit for the period		124,510	160,081	387,803	434,036
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		124,510	160,081	387,803	434,036
Net profit attributable to:					
Shareholders of Al Ansari Financial Services P.J.S.C.		124,510	159,969	387,803	433,711
Non-controlling interest		-	112	-	325
		124,510	160,081	387,803	434,036
Profit attributable to shareholders of Al Ansari Financial Services P.J.S.C.:					
Continuing operations		124,510	157,954	387,803	427,923
Discontinued operations		-	2,015	-	5,788
		124,510	159,969	387,803	433,711
Basic and diluted earnings per share					
Continuing operations - AED per share	17	0.0166	0.0211	0.0517	0.0571
Discontinued operations - AED per share	17	-	0.0002	-	0.0008
Total basic and diluted earnings per share – AED		0.0166	0.0213	0.0517	0.0579

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Al Ansari Financial Services PJSC and its Subsidiaries

Condensed interim consolidated statement of changes in equity
for the nine-month period ended 30 September 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	-	-	-	433,711	433,711	325	434,036
Distribution of dividend	-	(15,549)	-	(312,304)	(327,853)	-	(327,853)
Distribution from current account	-	-	(96,934)	-	(96,934)	-	(96,934)
At 30 September 2022 (Unaudited)	50,000	1,365,494	-	1,105,387	2,520,881	14,838	2,535,719
At 1 January 2023 (Audited)	75,000	286,143	-	1,245,087	1,606,230	-	1,606,230
Total comprehensive income for the period	-	-	-	387,803	387,803	-	387,803
At 30 September 2023 (Unaudited)	75,000	286,143	-	1,632,890	1,994,033	-	1,994,033

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



Al Ansari Financial Services PJSC and its Subsidiaries

Condensed interim consolidated statement of cash flows
for the nine-month period ended 30 September 2023

[Nine-month period ended 30 September](#)

	Note	2023 (Unaudited)	2022 (Unaudited)
		AED'000	AED'000
Cash flows from operating activities			
Net profit for the period		387,803	434,036
Adjustments for:			
Depreciation and amortisation	4,5	61,630	55,173
Provision for expected credit losses	6.2	240	1,600
Finance cost		9,302	1,587
Provision for employees' end of service benefits	15	5,155	5,004
Gain on disposal of property, equipment and intangibles		(374)	(137)
Operating cash flows before settlement of employees' end of service benefits and changes in working capital		463,756	497,263
Settlement of employees' end of service benefits		(2,578)	(2,825)
Changes in working capital:			
Due from exchange houses and agents		(176,284)	(18,184)
Due from related parties		(35,575)	(20,690)
Prepayment and other receivables		(15,830)	(37,330)
Trade and other payables		159,040	167,081
Due to related parties		1,115	(109,235)
Due to exchange houses and agents		23,650	2,996
Restricted deposits with banks		(903)	(31,294)
Net cash generated from operating activities		416,391	447,782
Cash flows from investing activities			
Payment for purchase of property, equipment and intangibles		(29,170)	(18,593)
Investment properties		-	(106)
Capital work in progress		(2,533)	(1,623)
Fixed deposits		163,721	(86,735)
Investments at fair value through profit & loss		-	(5)
Proceeds from sale of property, equipment and intangibles		1,238	146
Net cash generated from / (used in) investing activities		133,256	(106,916)
Cash flows from financing activities			
Dividend paid		-	(327,853)
Disbursements from shareholders' current account		-	(96,934)
Lease liabilities paid	9	(47,736)	(40,041)
Proceeds from bank borrowings		100,000	4,006
Repayment of bank borrowings		(455,101)	-
Net cash used in financing activities		(402,837)	(460,822)
Net change in cash and cash equivalents		146,810	(119,956)
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	18	2,373,435	2,561,302

The accompanying notes are an integral part of these condensed interim consolidated financial statements.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements
for the nine-month period ended 30 September 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 30 September 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	
	30 September 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, 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 Company 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 nine-month period ended 30 September 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.

b. Basis of measurement

These condensed interim consolidated financial statements have been prepared under the historical cost convention except for derivatives which are recognised at fair value, and on a going concern 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 nine-month period ended 30 September 2023. However, the results for the nine-month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

c. Functional and presentation currency

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.

d. Basis of consolidation

Subsidiary

A subsidiary is an investee controlled by the Group. The Group controls an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The interim financial statements of a subsidiary are included in the condensed interim consolidated financial statements from the date on which control commences until the date when control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intragroup transactions, are eliminated in preparing the condensed interim consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

2. Basis of preparation (continued)

e. 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.

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 consolidated financial statements for the year ended 31 December 2022, and the notes attached thereto.

3.1 Adoption of new and revised Standards

New and amended IFRS Standards that are effective for the current period

During the nine-month period, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for an annual period that begins on or after 1 January 2023.

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these condensed interim consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these condensed interim consolidated financial statements.

New and revised IFRS	Summary
IFRS 17 Insurance Contracts	IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.
Amendments to IFRS 17 Insurance Contracts	- Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are: - Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

3. Summary of significant accounting policies (continued)

3.1 Adoption of new and revised Standards (continued)

New and amended IFRS Standards that are effective for the current period (continued)

New and revised IFRS	Summary
Amendments to IFRS 17 Insurance Contracts	• Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk. • Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination. • Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. • Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements. • Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives. • Amendments to require an entity that at initial recognition recognises losses on onerous insurance contracts issued to also recognise a gain on reinsurance contracts held. • Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts. • Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach.
Amendment to IFRS 17 Insurance Contracts Initial Application of IFRS 17 and IFRS 9 - Comparative Information	The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.
Amendments to IFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying IFRS 9	The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

3. Summary of significant accounting policies (continued)

3.1 Adoption of new and revised Standards (continued)

New and amended IFRS Standards that are effective for the current period (continued)

New and revised IFRS	Summary
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.
Amendments to IAS 12 Income Taxes relating to Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.
Amendments to IAS 12 Income Taxes relating to International Tax Reform - Pillar Two Model Rules	The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

3. Summary of significant accounting policies (continued)

3.2 New and revised IFRS in issue but not yet effective and not early adopted

At the date of authorisation of these condensed interim consolidated financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Amendments to IFRS 16 Leases relating to Lease Liability in a Sale and Leaseback The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Classification of Liabilities as Current or Non-Current The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments also defer the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2024.	1 January 2024
Amendments to IAS 1 Presentation of Financial Statements relating to Non-current Liabilities with Covenants The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	1 January 2024
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures relating to Supplier Finance Arrangements The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.	1 January 2024
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

The Group anticipates that these new standards, interpretations, and amendments will be adopted in the Group's consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the consolidated financial statements of Group in the period of initial application.



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

3. Summary of significant accounting policies (continued)

3.3 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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Properties	94,817	67,235

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

	(Unaudited)
	AED'000
At 1 January 2023	67,235
Additions (note 4.1)	71,628
Depreciation expense	(44,046)
At 30 September 2023	94,817

- 4.1 Additions include AED 20 million in respect of a lease agreement entered into 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 (note 7(a)).



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 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 nine-month period				
Additions	14,380	10,502	4,288	29,170
Reclassification	(225)	225	-	-
Disposals	(808)	(56)	-	(864)
Depreciation	(8,690)	(7,761)	(1,133)	(17,584)
Net book value as at 30 September 2023	29,361	24,097	6,331	59,789
30 September 2023 (Unaudited)				
Cost	119,481	82,795	13,552	215,828
Accumulated depreciation	(90,120)	(58,698)	(7,221)	(156,039)
Net book value	29,361	24,097	6,331	59,789

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Cash in hand and in transit		
Cash in hand	805,458	1,029,310
Cash in transit	18,278	21,803
Total amount of cash in hand and in transit	823,736	1,051,113



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Due from banks		
Balances with banks in UAE		
- Current accounts	1,158,410	783,448
- Fixed deposits	38,204	201,925
- Restricted deposits	41,342	40,476
- Advances to banks against credit card collections	5,666	5,218
- Credit card receivables	44,323	23,380
	1,287,945	1,054,447
Balances with banks outside UAE		
- Current accounts	368,231	374,290
- Restricted deposits	9,917	9,880
	378,148	384,170
Less: Provision for expected credit losses (note 6.2)	(6,240)	(6,000)
	371,908	378,170
Total amount due from banks	1,659,853	1,432,617
Due from exchange houses and agents		
Balances with exchange houses and agents inside UAE	37	68
Balances with exchange houses and agents outside UAE	241,110	64,795
Total amount due from exchange houses and agents	241,147	64,863
Total balance of cash in hand and in transit, due from banks, exchange houses and agents (note 6.3)	2,724,736	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 nine-month period ended 30 September 2023

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Assessed high rated externally (A1-Baa3)	1,447,274	1,135,001
Assessed medium to low rated externally (Ba3-B1)	56,868	125,899
Unrated externally, Assessed high rated internally	221,957	132,941
Unrated – others	181,141	109,639
	1,907,240	1,503,480

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

	Stage 1
	AED'000
At 1 January 2023 (Audited)	6,000
Provision during the period	240
At 30 September 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 restricted 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 nine-month period ended 30 September 2023

7. Related party transactions (continued)

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

Nine-month period ended 30 September

	2023 (Unaudited)	2022 (Unaudited)
	AED'000	AED'000
Transactions with related parties (companies under common control)		
Commission income earned – Al Ansari Exchange Co. WLL, Kuwait	363	228
Interest paid – Group entities	-	432
Right of use asset for head office lease - Al Ansari Real Estate LLC (a)	20,031	-
Finance Cost and depreciation	3,225	-

- a) During the nine-month period ended 30 September 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 addition of right of use asset and corresponding lease liability of AED 20 million.

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

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Due from related parties		
Group entities	35,792	217
Due to related parties		
Group entities	1,932	817



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

7. Related party transactions (continued)

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

Due from related parties represents unsecured interest free current accounts which have arisen in the normal course of business. The expected credit loss on the amount 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 30 September 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:

Nine-month period ended 30 September		
	2023 (Unaudited)	2022 (Unaudited)
	AED'000	AED'000
Salaries and other benefits	9,962	8,216

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

8. Prepayments and other receivables

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Prepaid expenses	9,322	7,868
Bills receivables	15,573	10,128
Security deposits and other receivables (note 8.1)	61,005	53,674
Deposit with tax authorities (note 8.2)	12,801	12,801
Commission income receivable in relation to WPS	220	132
Positive value of overnight foreign currency forwards	10,910	9,398
	109,831	94,001

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



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Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

8. Prepayments and other receivables (continued)

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 which is 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 persons 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 filed an appeal challenging the decision of the Court. On 1 February 2023, 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.



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Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

9. Lease liabilities

The movement of lease liabilities is provided below:

	2023 (Unaudited)
	AED'000
At 1 January 2023	57,623
Additions	71,628
Finance cost on lease liability	2,951
Payments	(47,736)
At 30 September 2023	84,466

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Non-current	45,943	23,658
Current	38,523	33,965
	84,466	57,623

10. Trade and other payables

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Travel card payables (note 10.1)	203,298	168,916
Remittances payable (note 10.2)	164,133	114,234
Payable balances in relation to Wage Protection System	176,860	130,122
Bills payables	49,363	28,136
Payable to Western Union in lieu of remittance funding	12,115	12,780
Accrued expenses	65,360	59,068
Other payables	145,403	144,236
	816,532	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.



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Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

11. Bank borrowings

	30 September 2023 (Unaudited)	31 December 2022 (Audited)
	AED'000	AED'000
Term loan facility (note 11.1)	-	298,750
Bank overdraft (note 11.2)	-	50,000
	-	348,750

11.1 Term loan facility

On 24 November 2022, the Group arranged a term loan facility of AED 1,000 million, subsequently reduced to AED 500 million on 12 June 2023, from a local commercial bank 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. As on the reporting date, the utilised tranche of term loan facility was repaid in full and not rolled over.

As per the facility agreement, each drawdown should be secured by way of pledge over fixed deposits for a similar amount by the Group or the Parent Company and carries interest at three-month EIBOR plus a fixed margin per annum.

11.2 Bank overdraft

The Group has total overdraft facilities arranged with various banks for AED 600 million (2022: AED 50 million). These facilities are available to meet the working capital requirements of the Group and carry variable interest rates plus fixed margins. These facilities are repayable on demand and are secured by account pledge over the margin deposits placed by the Group or the Parent Company.

As on the reporting date, bank overdraft facilities were repaid in full.

12. Contingencies and commitments

	30 September 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



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Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

12. Contingencies and commitments (continued)

- 12.1 The Group has arranged guarantees from local commercial banks, drawn in favour of certain correspondent banks and business partners as required under the terms of the respective correspondent arrangements.
- 12.2 The commitment in respect of capital expenditure incurred as at 30 September 2023 amounts to AED 3.44 million (31 December 2022: AED 3.70 million).

13. Share capital

As at 30 September 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

Nine-month period ended 30 September

	2023 (Unaudited)	2022 (Unaudited)
	AED'000	AED'000
Salaries and wages	250,437	216,779
Staff bonuses and incentives	21,055	19,197
Leave salary and air tickets	27,232	23,337
Employees' end of service benefits	5,155	5,004
Other benefits	29,835	32,071
	333,714	296,388

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.



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Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

16. Discontinued operations (continued)

Financial information and cash flow information presented are for the nine-month period from 1 January to 30 September 2022:

	2022 (Unaudited)
	AED'000
Net commission income	4,550
Interest income – net	1,420
Rental income	12,514
	18,484
Salaries and benefits	(2,391)
General and administrative expenses	(6,019)
Depreciation and amortisation	(3,961)
Profit from discontinued operations	6,113
Net cash used in operating activities	(11,032)
Net cash used in investing activities	(1,903)
Net cash flows from financing activities	4,006
Net cash used for discontinued operations	(8,929)

17. Basic and diluted earnings per share

Basic and diluted earnings per share - Continuing operations

Nine-month period ended 30 September

	2023 (Unaudited)	2022 (Unaudited)
Profit from continuing operations for the period attributable to the shareholders (AED '000)	387,803	427,923
Weighted average Number of ordinary shares during the year ('000)	7,500,000	7,500,000
Basic and diluted earnings per share – Continuing operations (AED)	0.0517	0.0571



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

17. Basic and diluted earnings per share (continued)

Basic and diluted earnings per share - Discontinued operations

Nine-month period ended 30 September

	2023 (Unaudited)	2022 (Unaudited)
Profit from discontinued operations for the period attributable to the shareholders (AED '000)	-	5,788
Weighted average Number of ordinary shares during the year ('000)	7,500,000	7,500,000
Basic and diluted earnings per share – Discontinued operations (AED)	-	0.0008

18. Cash and cash equivalents

	30 September 2023 (Unaudited)	31 December 2022 (Audited)	30 September 2022 (Unaudited)
	AED'000	AED'000	AED'000
Cash in hand and in transit	823,736	1,051,113	987,486
Due from banks - gross	1,666,093	1,438,617	1,713,350
Due to banks	(26,931)	(10,824)	(9,229)
	2,462,898	2,478,906	2,691,607
Less:			
Fixed deposits with an original maturity longer than three months	(38,204)	(201,925)	(96,735)
Restricted deposits with banks inside UAE	(41,342)	(40,476)	(37,176)
Restricted deposits with banks outside UAE	(9,917)	(9,880)	(9,880)
	2,373,435	2,226,625	2,547,816
Add:			
Cash and cash equivalent classified as assets held for sale	-	-	13,486
Total cash and cash equivalents	2,373,435	2,226,625	2,561,302



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

19. Reporting segments

For management purposes, the Group is organised into business units based on relevant business activities and there is one reportable segment as of 30 September 2023 (3 main reportable segments as of 30 September 2022), 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 nine-month ended 30 September 2023 (Unaudited)

	Money exchange & remittances	Lease of real estate properties	Securities brokerage	Others	Segment Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	877,048	-	-	6,139	883,187
Expenses					
Salaries and benefits, general, administrative and other expenses	(490,659)	-	-	(4,725)	(495,384)
Segment profit for the period	386,389	-	-	1,414	387,803



Al Ansari Financial Services PJSC and its Subsidiaries

Notes to the condensed interim consolidated financial statements (continued)
for the nine-month period ended 30 September 2023

19. Reporting Segments (continued)

For the nine-month ended 30 September 2022 (Unaudited)

	Money exchange & remittances	Lease of real estate properties	Securities brokerage	Others	Segment Total
	AED'000	AED'000	AED'000	AED'000	AED'000
Revenue	848,868	-	-	7,707	856,575
Expenses					
Salaries and benefits, general, administrative and other expenses	(425,956)	-	-	(2,696)	(428,652)
Segment profit from continued operations	422,912	-	-	5,011	427,923
Profit from discontinued operations	-	4,635	1,478	-	6,113
Segment profit for the period	422,912	4,635	1,478	5,011	434,036

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

20. 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, bank borrowings 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 nine-month period ended 30 September 2023

20. 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.

21. 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.

22. Subsequent events

At the General Meeting of the shareholders held on 1 November 2023, the shareholders, based on recommendation of Directors, have approved a cash dividend of AED 0.04 per outstanding share amounting to AED 300 million. There are no other significant events after the reporting period that would require adjustment or disclosure in these condensed interim consolidated financial statements.

23. 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 CT Law) to enact a Federal corporate tax regime in the UAE. The new CT regime became effective for accounting periods beginning on or after 1 June 2023. As the Group's accounting year ends on 31 December, accordingly the effective implementation date for the Group will start from 1 January 2024 to 31 December 2024, with the first return to be filed on or before 30 September 2025.

The Group will be subject to a 9% corporate tax rate on taxable income above a threshold of AED 375,000. As per the Group's assessment, there is no deferred tax impact on account of the CT Law on these condensed interim consolidated financial statements. The Group will continue to assess the possible impact of the CT Law from current and deferred tax perspective based on clarifications and guidance on the implementation of CT Law.