DUBAI FINANCIAL MARKET (DFM) - PJSC

Report and consolidated financial statements for the year ended 31 December 2023

Dubai Financial Market (DFM) - PJSC

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Dubai Financial Market (DFM) - PJSC
Dubai
United Arab Emirates

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Dubai Financial Market (DFM) - PJSC (the "Company"), and it's subsidiaries (together the "Group") Dubai, United Arab Emirates, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards).

Basis for opinion

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

Key audit matters

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

Cont'd...

Key audit matters (continued)

Key audit matter	**How our audit addressed the key audit matter**
IT systems and controls over financial reporting	
We identified IT systems and controls over financial reporting as an area of focus due to the extensive volume and variety of transactions which are processed daily by the Group and rely on the effective operation of automated and IT dependent manual controls. There is a risk that automated accounting procedures and related internal controls are not accurately designed and operating effectively. In particular, the incorporated relevant controls are essential to address the potential risk for fraud and error as a result of change to applications or underlying data.	We obtained an understanding of the applications relevant to financial reporting and the infrastructure supporting these applications. We tested IT general controls relevant to the identified automated controls and Information Produced by the Entity (IPEs) covering access security, program changes, data center and network operations. We examined certain Information Produced by the Entity (IPEs) used in the financial reporting from relevant applications and key controls over their report logics as well as preparation and maintenance. We performed testing on the key automated controls on significant IT systems relevant to business processes. We tested the interfaces among identified systems in order to determine whether information is being transmitted in an accurate and complete manner.

Other Matter

The consolidated 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 31 January 2023.

Other information

Management is responsible for the other information. The other information comprises the Chairman's Statement and the Group's Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Chairman's Statement and the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Dubai Financial Market (DFM) - PJSC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Decree Law No. 32 of 2021, we report that for the year ended 31 December 2023:

- we have obtained all the information we considered necessary for the purposes of our audit;
- the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Decree Law No. 32 of 2021;
- the Group has maintained proper books of account;
- as disclosed in note 27.5 to the consolidated financial statements the Group has purchased or invested in shares during the year ended 31 December 2023;
- note 15 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Company has contravened during the year ended 31 December 2023 (apart from the Company's memorandum of association which is currently in the process of being updated), any of the applicable provisions of the UAE Federal Decree Law No. 32 of 2021, or in respect of the Company, its Memorandum of Association which would materially affect its activities or its financial position as at 31 December 2023; and
- as disclosed in Note 32 to the consolidated financial statements, the Group has not made any material monetary social contributions during the year ended 31 December 2023.

Deloitte & Touche (M.E.)

Firas Anabtawi
Registration No.: 5482
30 January 2024
Dubai
United Arab Emirates

Consolidated statement of financial position as at 31 December 2023

	Notes	2023 AED'000	2022 AED'000
ASSETS			
Non-current assets			
Goodwill	6	**2,878,874**	2,878,874
Other intangible assets	6	**1,864,142**	1,920,631
Property and equipment	7	**322,498**	320,469
Financial assets measured at fair value through other comprehensive income (FVTOCI)	8	**1,018,948**	969,455
Investments at amortised cost	9	**264,279**	273,990
Investment deposits	10	**126,609**	204,189
Total non-current assets		**6,475,350**	6,567,608
Current assets			
Prepaid expenses and other receivables	11	**226,424**	143,750
Investment deposits	10	**2,974,122**	2,313,230
Cash and cash equivalents	12	**160,923**	469,401
Total current assets		**3,361,469**	2,926,381
Total assets		**9,836,819**	9,493,989
EQUITY AND LIABILITIES			
Equity			
Share capital	13	**8,000,000**	8,000,000
Treasury shares		**(4,364)**	(4,364)
		7,995,636	7,995,636
Investments revaluation reserve - FVTOCI	14	**(643,399)**	(693,211)
Statutory reserve	14	**526,100**	493,156
Retained earnings		**296,489**	134,727
Equity attributable to owners of the Company		**8,174,826**	7,930,308
Non-controlling interest		**17,420**	17,241
Total equity		**8,192,246**	7,947,549
Non-current liabilities			
Lease liabilities	16	**2,340**	-
Provision for employees' end of service benefits	17	**21,259**	23,162
Total non-current liabilities		**23,599**	23,162
Current liabilities			
Payables and accrued expenses	18	**1,574,844**	1,470,424
Dividends payable	15, 19	**86**	3,087
Due to a related party	15	**13,855**	17,578
Subordinated loan	15	**32,189**	32,189
Total current liabilities		**1,620,974**	1,523,278
Total liabilities		**1,644,573**	1,546,440
Total equity and liabilities		**9,836,819**	9,493,989

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements present fairly in all material respects for consolidated financial position, consolidated financial performance and consolidated cash flows of the Group.

These consolidated financial statements were approved on 30 January 2024 by the Board of Directors and signed on its behalf by:

…………………
Chairman

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss
for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Operating income			
Trading commission fees		**226,064**	200,493
Brokerage fees		**12,108**	13,646
Clearing, settlement and depository fees		**88,905**	25,679
Listing and market data fees		**11,200**	9,981
Other fees		**10,752**	7,108
		349,029	256,907
Investment income	20	**168,808**	79,989
Dividend income	21	**20,254**	13,781
Other income		**480**	320
Profit income		**226**	3,639
Reversal of impairment on financial asset (net)	23	**8,641**	-
Total income		**547,438**	354,636
Operating expenses			
General and administrative expenses	22	**(161,023)**	(149,577)
Amortisation of other intangible assets	6	**(56,489)**	(56,489)
Interest expense	15, 16	**(117)**	(1,035)
Profit expense		**(226)**	(3,639)
Total expenses		**(217,855)**	(210,740)
Net profit for the year		**329,583**	143,896
Profit attributable to:			
Owners of the Company		**329,404**	147,113
Non-controlling interest		**179**	(3,217)
		329,583	143,896
Basic and diluted earnings per share - AED	24	**0.041**	0.018

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income
for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Net profit for the year		**329,583**	143,896
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)		**49,812**	49,518
Total comprehensive income for the year		**379,395**	193,414
Attributable to:			
Owners of the Company		**379,216**	196,631
Non-controlling interest		**179**	(3,217)
		379,395	193,414

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2023

	Share capital AED'000	Treasury shares AED'000	Investments revaluation reserve FVOCI AED'000	Statutory reserve AED'000	Retained earnings AED'000	Attributable to owners of the Company AED'000	Non-controlling interest AED'000	Total AED'000
As at 1 January 2022	8,000,000	(4,364)	(742,729)	478,445	211,322	7,942,674	20,458	7,963,132
Net profit for the year	-	-	-	-	147,113	147,113	(3,217)	143,896
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)	-	-	49,518	-	-	49,518	-	49,518
Total comprehensive income for the year	-	-	49,518	-	147,113	196,631	(3,217)	193,414
Transactions with owners of the Company								
Dividends declared, net of appropriation of non-sharia compliant income (Note 19)	-	-	-	-	(192,135)	(192,135)	-	(192,135)
Appropriation of non-sharia compliant income (Note 26)	-	-	-	-	(16,824)	(16,824)	-	(16,824)
Transfer to statutory reserve (Note 14)	-			14,711	(14,711)	-	-	-
Zakat	-	-	-	-	(38)	(38)	-	(38)
As at 31 December 2022	8,000,000	(4,364)	(693,211)	493,156	134,727	7,930,308	17,241	7,947,549
Net profit for the year	-	-	-	-	329,404	329,404	179	329,583
Fair value changes on financial assets measured at fair value through other comprehensive income (FVOCI)			49,812	-	-	49,812	-	49,812
Total comprehensive income for the year			49,812	-	329,404	379,216	179	379,395
Transactions with owners of the Company	-	-	-					
Dividends declared, net of appropriation of non-sharia compliant income (Note 19)	-	-	-	-	(109,974)	(109,974)	-	(109,974)
Appropriation of non-sharia compliant income (Note 26)	-	-	-	-	(24,683)	(24,683)	-	(24,683)
Transfer to statutory reserve (Note 14)	-	-	-	32,944	(32,944)	-	-	-
Zakat				-	(41)	(41)	-	(41)
As at 31 December 2023	**8,000,000**	**(4,364)**	**(643,399)**	**526,100**	**296,489**	**8,174,826**	**17,420**	**8,192,246**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2023

	Notes	2023 AED'000	2022 AED'000
Cash flows from operating activities			
Net profit for the year		**329,583**	143,896
Adjustments for:			
Depreciation of property and equipment	7	**20,934**	21,799
Provision for employees' end of service benefits	17	**3,811**	2,674
Amortisation of other intangible assets	6	**56,489**	56,489
Interest expense		**117**	1,035
Investment income	20	**(168,808)**	(79,989)
Dividend income	21	**(20,254)**	(13,781)
Profit income		**(226)**	(3,639)
Profit expense		**226**	3,639
Reversal of impairment on financial asset (net)	23	**(8,641)**	-
Operating cash flows before changes in operating assets and liabilities		**213,231**	132,123
Decrease/(increase) in prepaid expenses and other receivables		**1,823**	(1,521)
Increase/(decrease) in payables and accrued expenses		**71,819**	(293,930)
(Decrease)/increase in due to a related party		**(3,723)**	6,502
Cash generated from/(used in) operations		**283,150**	(156,826)
Employees' end of service benefits paid	17	**(5,714)**	(1,789)
Net cash generated from/(used in) operating activities		**277,436**	(158,615)
Cash flows from investing activities			
Purchase of property and equipment	7	**(16,314)**	(8,218)
Movement in short term investment deposits		**(660,892)**	735,923
Movement in long term investment deposits		**85,608**	-
Purchase of financial assets measured at FVTOCI		**(10,325)**	(115,000)
Purchase of investments at amortised cost		**-**	(37,097)
Redemptions of financials assets measured at FVTOCI and investments at amortised cost		**20,218**	67,427
Investment received from investment deposits		**123,743**	61,150
Dividends received	21	**20,254**	13,781
Net cash (used in)/generated from investing activities		**(437,708)**	717,966
Cash flows from financing activities			
Lease liabilities	16	**(10,549)**	(9,067)
Dividends paid to shareholders	15,19	**(137,657)**	(339,873)
Net cash used in financing activities		**(148,206)**	(348,940)
Net (decrease)/increase in cash and cash equivalents		**(308,478)**	210,411
Cash and cash equivalents at the beginning of the year		**469,401**	258,990
Cash and cash equivalents at the end of the year	12	**160,923**	469,401

During the year ended 31 December 2023, the principal non-cash transactions relate to the recognition of right-of-use assets amounting to AED 5 million (31 December 2022: AED 8 million) and lease liabilities amounting to AED 5 million (31 December 2022: AED 8 million) respectively. (Refer to Note 16).

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2023

1. Establishment and operations

Dubai Financial Market (DFM) – PJSC (the "Company") is a public joint stock company incorporated in the Emirate of Dubai – United Arab Emirates ("UAE"), pursuant to decree No. 62 for the year 2007 issued by the Ministry of Economy on 6 February 2007, and is subject to the provisions of the UAE Federal Decree Law No. 32 of 2021 ("Companies law"). The Company received its registration under Federal Law No. 4 of 2000 with the Securities and Commodities Authority ('SCA') on 4 November 2000.

The licensed activities of the Company are trading in financial instruments, acting as a commercial, industrial and agricultural holding and trust company, financial investment consultancy, and brokerage in local and foreign shares and bonds. In accordance with its Articles of Association, the Company complies with the provisions of Islamic Shari'a in all its activities and operations and invests its funds in accordance with these provisions.

The Company's shares are listed on the Dubai Financial Market ("DFM").

The Company currently operates the Dubai stock exchange, related clearing house and carries out investment activities on its own behalf. The registered address of the Company is Dubai World Trade Center, Sheikh Zayed Road, P.O. Box 9700, Dubai.

The ultimate parent and controlling party is the Government of Dubai which owns 80.66% (31 December 2022: 80.66%) of DFM through Borse Dubai Limited (the "Parent"), a Government of Dubai entity.

These consolidated financial statements comprise DFM – (P.J.S.C.) and its subsidiaries (together referred to as "the Group"). Details of the subsidiaries as at 31 December 2023 and 2022 are as follows:

Company name	Activity	Country of incorporation	Ownership held
Dubai Central Clearing and Depository Holding LLC*	Holding Company	UAE	100%
Nasdaq Dubai Limited**	Electronic Financial Market	UAE	67% ***

*Dubai Central Clearing and Depository Holding LLC has the following subsidiaries:

Company name	Activity	Country of incorporation	Ownership held
Dubai Clear LLC	Securities Central Clearing Service	UAE	100%
Dubai Central Securities Depository LLC	Securities Depository Services	UAE	100%

**Nasdaq Dubai Limited has the following subsidiary:

Company name	Activity	Country of incorporation	Ownership held
Nasdaq Dubai Guardian Limited	Bare nominee solely on behalf of Nasdaq Dubai Limited	UAE	100%

***The remaining 33% is held by Borse Dubai Limited (Note 25).

2. Application of new and revised Standards

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

In the current 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 consolidated financial statements. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

New and revised IFRS	Summary
IFRS 17 *Insurance Contracts*	IFRS 17 requires insurance liabilities to be measured at a current fulfillment 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. • 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.

2. Application of new and revised Standards (continued)

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

New and revised IFRS	Summary
Amendments to IFRS 17 *Insurance Contracts (continued)*	• 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.
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.

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after 1 January 2023.

2. Application of new and revised Standards (continued)

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

At the date of authorisation of these 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**
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*	1 January 2024
IFRS S1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	
IFRS S2 *Climate-related Disclosures*	1 January 2024
IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	
Amendments to IAS 1 *Presentation of Financial Statements* relating to Classification of Liabilities as Current or Non-Current	1 January 2024
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.	
Amendments to IFRS 16 *Leases* relating to Lease Liability in a Sale and Leaseback	1 January 2024
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.	

2. Application of new and revised Standards (continued)

b) New and revised IFRS in issue but not yet effective and not early adopted (continued)

New and revised IFRSs	Effective for annual periods beginning on or after
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 IAS 21 *The Effects of Changes in Foreign Exchange Rates* relating to Lack of Exchangeability The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.	1 January 2025
Amendments to the SASB (Sustainability Accounting Standards Board) standards to enhance their international applicability The amendments remove and replace jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics.	1 January 2025
Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures (2011)* The amendments relate 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.

3. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting standards (“IFRS”) as issued by International Accounting Standard Board (“IASB”), and applicable requirements of the laws of the United Arab Emirates.

On 20 September 2021, the UAE Federal Decree Law No. 32 of 2021 ("Companies Law") was issued and came into effect on 2 January 2022 which repealed the UAE Federal Law No. 2 of 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets measured at fair value through other comprehensive income (FVTOCI). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Functional and presentation currency

The consolidated financial statements are prepared and presented in United Arab Emirates Dirham (AED) which is the Group’s functional and presentation currency and are rounded off to the nearest thousands (“000”) unless otherwise indicated.

(d) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the application of the Group’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are disclosed in note 5.

4. Summary of significant accounting policies

The accounting policies used in the preparation of these consolidated financial statements are consistent with those audited annual consolidated financial statements for the year ended 31 December 2022.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below:

4.1 Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

4. Summary of significant accounting policies (continued)

4.1 Consolidation (continued)

Subsidiaries (continued)

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Group applies the acquisition method to account for business combinations. The consideration given for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration given includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred except if related to the issue of debt or equity securities.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of income.

Goodwill is initially measured as the excess of the aggregate of the consideration given and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in the consolidated statement of income.

Income and expenses of subsidiaries acquired or disposed off during the year are included in the consolidated statement of income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest ("NCI") and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of income. Any interest retained in the former subsidiary is measured at fair value when control is loss.

4. Summary of significant accounting policies (continued)

4.2 Other intangible assets

Other intangible assets acquired by the Group which have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of income.

The estimated useful lives for current and comparative periods are as follows:

License to operate as a Stock Exchange	50 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

4.3 Goodwill

Goodwill is initially measured at cost, being the excess of the consideration transferred over interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. The impairment policy is disclosed in detail in note 4.8.

4.4 Property and equipment

Property and equipment are measured at cost less accumulated depreciation and any identified impairment loss. The initial cost of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The carrying amount of the land is its initial fair value together with any incidental costs. Subsequent to the initial recognition, the land is carried at historical cost less accumulated impairment and is not depreciated. Subsequent costs are included in the land's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in the consolidated statement of income. Land is not depreciated.

4. Summary of significant accounting policies (continued)

4.4 Property and equipment (continued)

The estimated useful lives of property and equipment for current and comparative periods are as follows:

	Years
Computers and information systems	3-5
Leasehold improvements	7
Furniture and office equipment	3-10
Motor vehicles	4
Right-of-use assets	3-5

Depreciation method, useful lives and assets' residual values are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any gain or loss on disposal of an item of property and equipment is recognised in the consolidated statement of income.

Capital work in progress is stated at cost and is transferred to the appropriate asset category when it is available for use and is depreciated in accordance with the Group's accounting policy.

4.5 Cash and cash equivalents and investment deposits

Cash and cash equivalents and investment deposits are initially recognised at fair value and measured subsequently at amortised cost using the effective interest method. Impairment of amounts due from financial institutions and investment deposits is assessed as outlined in the accounting policy on financial assets.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, current, saving and mudarabah accounts with banks and investment deposits with an original maturity of less than three months.

4.6 Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are recognised when they are originated and the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

4. Summary of significant accounting policies (continued)

4.6 Financial instruments (continued)

(ii) Classification and subsequent measurement

(a) Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; FVTOCI – debt investment; FVTOCI – equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

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

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether Group management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

4. Summary of significant accounting policies (continued)

4.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(a) Financial assets (continued)

Business model assessment (continued)

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

4. Summary of significant accounting policies (continued)

4.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(a) Financial assets (continued)

Subsequent measurement and gains and losses:

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Any gain or loss on derecognition is recognised in the consolidated statement of income.

Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the consolidated statement of income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the consolidated statement of income.

Equity investments at FVTOCI are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of income (Note 21) unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to the consolidated statement of income.

Derecognition of financial assets:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

<u>Impairment of non – derivative financial assets</u>

The Group recognises loss allowances Expected Credit Loss (“ECL”) on:

- financial assets measured at amortised cost; and
- debt investments measured at FVTOCI;

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

4. Summary of significant accounting policies (continued)

4.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(a) Financial assets (continued)

Impairment of non – derivative financial assets (continued)

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

4. Summary of significant accounting policies (continued)

4.6 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

(a) Financial assets (continued)

Impairment of non – derivative financial assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVTOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

(b) Financial liabilities

All financial liabilities are initially recognised at fair value and in the case of loans, at fair value of the consideration received less directly attributable transactions costs and subseqently measured at amortised cost using the effective interest method. Financial liabilities comprise payables, dividends payable, due to a related party, subordinated loan and non-current lease liabilities.

Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of income. Any gain or loss on derecognition is also recognised in the consolidated statement of income.

Derecognition of financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the consolidated statement of income.

4. Summary of significant accounting policies (continued)

4.7 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

4.8 Impairment on non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

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

4.9 Employees' end of service benefits

Provision is made for the employees' end of service benefits in accordance with the UAE Labour Law for their periods of service up to the financial position date. In addition, in accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at the reporting date, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. The expected liability at the date of leaving the service has been discounted to net present value using an appropriate discount rate based on management's assumption of average annual increment/promotion costs. The present value of the obligation as at 31 December 2023 is not materially different from the provision computed in accordance with the UAE Labour Law. The provision relating to end of service benefit is disclosed as a non-current liability.

U.A.E. National employees in the United Arab Emirates are members of the Government-managed retirement pension and social security benefit scheme. As per Federal Labour Law No. 7 of 1999, the Group is required to contribute between 12.5% - 15% of the "contribution calculation salary" of U.A.E. payroll costs to the retirement benefit scheme to fund the benefits.

4. Summary of significant accounting policies (continued)

4.9 Employees' end of service benefits (continued)

U.A.E. National employees are also required to contribute 5% of the "contribution calculation salary" to the scheme. The only obligation of the Group with respect to the retirement pension and social security scheme is to make the specified contributions. The contributions are charged to the consolidated statement of income.

The Group provides for staff terminal benefits based on an estimation of the amount of future benefit that employees have earned in return for their service until their retirement. This calculation is performed based on a projected unit credit method.

4.10 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the consolidated statement of profit or loss when the changes arise.

4.11 Share capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Treasury shares

When shares recognised as equity are unalloted, these are recognised as a deduction from equity. Unalloted shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

4.12 Revenue recognition

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

4. Summary of significant accounting policies (continued)

4.12 Revenue recognition (continued)

Performance obligations and revenue recognition policies (continued)

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Trading commission fees	Trading commission fees represent the fees charged by DFM on each trade (both buy and sell) undertaken by the brokers as per laws & regulations of SCA.	Revenue is recognised at the time when the underlying trade has been consummated.
Brokerage fees	Brokerage revenue comprises of various license and services provided to the broker. Invoices are issued to broker based on annual/daily subscriptions and are payable on presentation.	Revenue is recognised at the time when the broker utilises the services provided by DFM i.e. over the period of the annual subscriptions. Revenue for one-time services are recognised at the time when the service is provided to the broker.
Clearing, settlement and depository fees	These services are subscribed by a customer/company on a daily/annual basis which is payable on presentation of the invoice.	Revenue is recognised at the time when the underlying service is provided to the customer/company.
Listing and market data fees	Listing fee is charged to companies that list their stocks on DFM. Market data fee is charged for the use of DFM's market data. The listing and market data fees are applicable for one year or monthly basis and is payable on presentation of the invoice.	Revenue is recognised over the period of the listing and the period for which the customer has access to the market data feed as per the contract period.
Other fees	Invoices are issued based on the customer/company requests and are payable oonn presentation of the invoice.	Revenue is recognised at the time when the underlying service is provided to the customer/company.

4.13 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

4. Summary of significant accounting policies (continued)

4.14 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate which is determined by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

4. Summary of significant accounting policies (continued)

4.14 Leases (continued)

As a lessee (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of income if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property and equipment' and non-current lease liabilities in in the statement of financial position and current lease liability in payables and accrued expenses.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5. Critical accounting estimates and judgments

In the application of the Group's accounting policies, which are described in Note 4 to these consolidated financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical accounting estimates and judgments, that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in consolidated financial statements.

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on recent market transactions on an arm's length basis, fair value of another instrument that is substantially the same, expected cash flows discounted at current rates for similar instruments, net asset value of the investee company / funds or other valuation models.

Estimated useful lives of other intangible assets

Management has estimated the useful economic lives of the other intangible assets based on analysis of relevant factors relating to the expected period over which the other intangible assets are expected to generate cash inflows to the Group in the foreseeable future. Management assesses the estimated useful lives on a periodic basis.

5. Critical accounting estimates and judgments (continued)

Impairment for goodwill and other intangible assets

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed. Refer to note 6 for estimates and judgments.

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using higher of fair value less costs to sell or value in use of the cash generating units to which the goodwill is allocated. The Group has considered DFM as a single CGU for impairment testing purposes considering it is managed as one unit which is engaged in a single segment of operating stock exchanges and related clearing house. Estimating the fair value less costs to sell requires the Group to make an estimate for the control premium in order to calculate the fair value less costs to sell.

Other intangible assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows. Prior impairment of other intangible assets are reviewed for possible reversal at each reporting date.

Depreciation of property and equipment

The cost of property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear, which depends on operational factors. The management has not considered any residual value as it is deemed immaterial. Management assesses the estimated useful lives on a periodic basis.

Impairment loss on trade receivables

At each reporting date, the Group assesses on a forward-looking basis the expected credit loss associated with financial assets carried at amortised cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Refer to Note 28.3 for detailed assessment of credit risk.

Provision for employees' end of service benefits

The Group provides end of service benefits for its expatriate employees in accordance with UAE Labour Law. The entitlement to these benefits is based upon the employees' length of service and completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Pension and national insurance contributions for the UAE citizens are made by the Group in accordance with Federal Law No. 2 of 2000.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

6. Goodwill and other intangible assets

	Goodwill AED'000	License to operate as a stock exchange AED'000
Cost		
At 1 January 2022 and 2023	**2,878,874**	**2,824,455**
Amortisation		
At 1 January 2022	-	847,335
Charge for the year	-	56,489
At 31 December 2022	-	903,824
Charge for the year	-	56,489
At 31 December 2023	**-**	**960,313**
Carrying amount		
At 31 December 2023	**2,878,874**	**1,864,142**
At 31 December 2022	2,878,874	1,920,631

Impairment testing of goodwill

Determining whether goodwill is impaired requires an estimation of recoverable amount of the cash generating units to which goodwill has been allocated. DFM as a standalone market institution is considered a single cash generating unit ("CGU") for impairment testing purposes. Management assesses the recoverable amount of the CGU using the higher of value in use ("VIU") model and fair value less costs to sell. Management has concluded the fair value less costs to sell of the CGU exceeded its carrying amount as at 31 December 2023 (31 December 2022: fair value less costs to sell exceeded the carrying amount). To arrive at the fair value less costs to sell for the CGU to which goodwill is allocated, the management has used the closing quoted market price of DFM as at 31 December 2023 and a control premium (net of costs to sell) of 15% (31 December 2022: 15%) to calculate the recoverable amount.

The estimated recoverable amount of the CGU is AED 12,788 million (31 December 2022: AED 13,892 million) as at 31 December 2023 which exceeds its carrying amount of AED 8,192 million (31 December 2022: AED 7,947 million) by approximately AED 4,596 million (31 December 2022: AED 5,945 million) as at that date. Management of the Group, therefore, does not believe that there is any impairment of goodwill as at the reporting date.

The following key assumptions were used in 2023:

Closing quoted market price as at 31 December 2023	**AED 1.39/ share**
Control premium - net of costs to sell	**15%**

This fair value less costs to sell measurement would be considered as level 2 in the fair value hierarchy.

Management has identified that any reasonable possible change in the two key assumptions would not cause the carrying amount to exceed the recoverable amount.

The Board of the Group believe that the key assumptions are appropriate as at 31 December 2023 and there is no impairment of the goodwill as at the reporting date.

7. Property and equipment

						Capital work-in-progress			
	Computers and information systems AED'000	**Right-of-use assets AED'000**	**Leasehold improvement AED'000**	**Furniture and office equipment AED'000**	**Motor vehicles AED'000**	**Others AED'000**	**Building under construction AED'000**	**Land AED'000**	**Total AED'000**
Cost									
At 1 January 2022	108,862	47,005	23,012	26,936	137	1,367	56,280	231,306	494,905
Additions	2,369	-	25	321	-	5,503	-	-	8,218
Disposals	(5,699)	(1,948)	-	(620)	-	(339)	-	-	(8,606)
Transfers	803	-	-	38	-	(841)	-	-	-
At 31 December 2022	106,335	45,057	23,037	26,675	137	5,690	56,280	231,306	494,517
Additions	1,299	6,649	-	157	429	14,429	-	-	22,963
Disposals	(33)	(9,881)	-	(375)	-	-	-	-	(10,289)
Transfers	5,481	-	9,176	4,472	-	(19,129)	-	-	-
At 31 December 2023	**113,082**	**41,825**	**32,213**	**30,929**	**566**	**990**	**56,280**	**231,306**	**507,191**
Accumulated depreciation									
At 1 January 2022	89,378	29,157	19,529	21,447	137	-	-	-	159,648
Charge for the year	9,029	9,615	1,661	1,494	-	-	-	-	21,799
Eliminated on disposals	(5,380)	(1,472)	-	(547)	-	-	-	-	(7,399)
At 31 December 2022	93,027	37,300	21,190	22,394	137	-	-	-	174,048
Charge for the year	8,664	9,203	1,787	1,271	9	-	-	-	20,934
Eliminated on disposals	(33)	(9,881)	-	(375)	-	-	-	-	(10,289)
At 31 December 2023	**101,658**	**36,622**	**22,977**	**23,290**	**146**	**-**	**-**	**-**	**184,693**
Carrying amount									
At 31 December 2023	**11,424**	**5,203**	**9,236**	**7,639**	**420**	**990**	**56,280**	**231,306**	**322,498**
At 31 December 2022	13,308	7,757	1,847	4,281	-	5,690	56,280	231,306	320,469

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

8. Financial assets measured at fair value through other comprehensive income (FVTOCI)

	2023 AED'000	2022 AED'000
Designated as equity instruments		
Investment in equity securities	**696,790**	393,547
Managed funds – Note 8.1	**61,755**	313,678
Investment in sukuk– Note 8.2	**260,403**	262,230
	1,018,948	969,455

The Group has made an irrevocable election to designate investment in equity securities, managed funds and investment in Tier 1 Bank sukuk as FVTOCI at initial recognition as per IFRS 9 and subsequent changes in fair value are presented in Other Comprehensive Income ("OCI"). These are strategic investments not held for trading and the Group considers this classification to be more relevant. All investments have been assessed and were classified as equity instruments in the underlying entities. The underlying entities were not subject to classification as equity merely because of the puttable exemption in IAS 32.

Investments by geographic concentration are as follows:

	2023 AED'000	2022 AED'000
- Within U.A.E.	**949,805**	893,043
- Outside U.A.E.	**69,143**	76,412
	1,018,948	969,455

8.1. Managed funds include funds of AED 44 million (31 December 2022: AED 296 million) (Note 15) managed by a related party.

8.2. The investments in sukuk are perpetual instruments, callable at the option of the issuers and are measured at fair value through other comprehensive income. The sukuk carry profit rates ranging from 3.375% to 5% per annum (31 December 2022: 3.375% to 5% per annum), which are payable at the discretion of the issuers.

9. Investments at amortised cost

	2023 AED'000	2022 AED'000
Investment in sukuks	**264,279**	273,990
	264,279	273,990

Investments in sukuk in the UAE mature in 4-8 years and carry fixed profit rates ranging from 2.591% to 5% per annum (31 December 2022: 2.591% -5%) per annum.

10. Investment deposits

	2023 AED'000	2022 AED'000
Current:		
Investment deposits maturing in less than 3 months	**174,392**	36,730
Investment deposits maturing up to 1 year but more than 3 months	**2,799,730**	2,276,500
	2,974,122	2,313,230
Non-current:		
Investment deposits maturing after 1 year	**126,609**	204,189
	3,100,731	2,517,419

10.1. Investment deposits are placed with financial institutions in the UAE and carry profit rates ranging from 4.90% to 5.85% (2022: 2.80 % to 5.50%) per annum.

10.2. Investment deposits of AED 36.73 million (2022: AED 36.73 million) have been pledged as collateral against unutilised bank overdraft facilities provided to the Group.

10.3. Dividends received from and payable on behalf of companies listed on DFM held in myAccount and iVESTOR card balances as at 31 December 2023 aggregate AED 1,407 million (31 December 2022: AED 1,266 million), which is available for the Company to invest at its discretion in income earning assets such as investments in short term deposits of AED 1,270 million (31 December 2022: AED 1,130 million), investments at amortised cost of AED 91 million (31 December 2022: AED 93 million) and mudarabah and current accounts of AED 46 million (31 December 2022: AED 43 million). As such, the Group assumes an obligation to pay such amounts to the shareholders of the listed companies. Until this obligation is discharged, the Group recognises the profit on these investments in its consolidated statement of income.

11. Prepaid expenses and other receivables

	2023 AED'000	2022 AED'000
Accrued income on investment deposits	**82,851**	37,677
Central counterparty balances (Note 11.1)	**130,498**	91,174
Prepaid expenses	**6,122**	5,956
Accrued trading commission fees	**2,003**	1,134
Other receivables	**2,724**	5,312
Due from brokers	**1,013**	1,041
VAT receivable on capital expenditure	**2,426**	2,210
	227,637	144,504
Less: Allowance for doubtful debts	**(1,213)**	(754)
	226,424	143,750

11. Prepaid expenses and other receivables (continued)

Net movement in allowance for doubtful debts:

	2023	2022
	AED'000	AED'000
Opening balance	**754**	1,215
Provision / (reversal) for the year	**459**	(461)
Closing balance	**1,213**	754

11.1. These balances relate to Dubai Clear LLC and Nasdaq Dubai Limited which act as central counterparties for all trades which are usually settled on a T+2 basis. The balance represents receivable from brokers against unsettled trades at year end. The corresponding payable balance of the same amount has been recorded as a liability at year end (Note 18).

11.2 The Group does not hold any collateral over prepaid expenses and other receivables.

12. Cash and cash equivalents

	2023	2022
	AED'000	AED'000
Cash on hand	**145**	150
Bank balances:		
Current accounts	**19,622**	14,128
Savings accounts (Note 12.1)	**20**	21
Mudarabah accounts (Notes 12.2, 10.3 & 15.1)	**84,136**	134,310
	103,923	148,609
Add: Investment deposits with original maturities not exceeding three months	**57,000**	320,792
Cash and cash equivalents	**160,923**	469,401

12.1. The average rate of return on savings accounts is 0.30 % per annum (31 December 2022: 0.30% per annum).

12.2. The average rate of return on mudarabah accounts is 3.79% per annum (31 December 2022: 1% per annum).

12.3. At 31 December 2023 and 31 December 2022, the Group has assessed the recoverability of its cash and cash equivalents and considered provision for expected credit loss to be immaterial.

13. Share capital

	2023 **AED'000**	2022 AED'000
Authorised, issued and paid up share capital:		
8,000,000,000 shares (31 December 2022: 8,000,000,000 shares) of AED 1 each (31 December 2022: AED 1 each)	**8,000,000**	8,000,000

14. Reserves

Statutory reserve

In accordance with the UAE Federal Decree Law No. 32 of 2021, the Group has established a statutory reserve by appropriation of 10% of the Company's net profit for each year which will be increased until the reserve equals 50% of the share capital. This reserve is not available for distribution, except as stipulated by the law.

	Statutory reserve AED'000
Balance as of 31 December 2021	478,445
Transfer from net profit for the year 2022	14,711
Balance as of 31 December 2022	493,156
Transfer from net profit for the year 2023	32,944
Balance as of 31 December 2023	**526,100**

Investments revaluation reserve - FVTOCI

The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of financial assets measured at fair value through other comprehensive income.

15. Related party transactions and balances

The Group enters into transactions with companies and entities that fall within the definition of a related party as contained in International Accounting Standard (IAS) 24: *Related party Disclosures*. Related parties comprise ultimate parent, shareholders, fellow subsidiaries, associates, entity under common control and key management personnel. Transactions with such related parties are made on substantially the same terms, as those prevailing at the same time for comparable transactions with external customers and parties.

15. Related party transactions and balances (continued)

During the year, the Group entered into the following significant transactions with related parties in the ordinary course of business. These transactions were carried out at mutually agreed terms and conditions.

Transactions during the year

	2023	2022
	AED'000	AED'000
Fellow subsidiaries and associates of the Ultimate parent		
Investment income	**45,272**	22,349
Interest expense	**-**	352
Other fees	**22,394**	-
Dividend income	**19,530**	13,173
Lease payments and other related expenses	**8,660**	8,630
Interest on lease	**61**	540

Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follows:

Transactions during the year

	2023	2022
	AED'000	AED'000
Salaries and short-term benefits	**14,249**	10,936
General pension and social security	**832**	816
Board of Directors		
- Remuneration to the Nasdaq Dubai Board	**870**	838
- Meeting allowance for the Group	**739**	799
- DFM board remuneration	**2,700**	2,118

Related party balances included in the consolidated statement of financial position are as follows:

Balances		
Fellow subsidiaries and associates		
Managed funds managed by a related party (Note 8.1)	**44,030**	295,953
Financial assets measured at FVTOCI (Note 8)	**726,196**	482,085
Investments at amortised cost (Note 9)	**188,704**	198,206
Investment deposits (Note 10)	**439,392**	432,845
Cash and cash equivalents (Note 12)	**94,655**	142,228

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

15. Related party transactions and balances (continued)

	2023	2022
	AED'000	AED'000
Due to related parties		
Dubai World Trade Centre – lease liability	**-**	8,114
Member's margin deposits (Note 15.1)	**-**	38,917
Parent		
Expenses paid on behalf of the Group	**13,855**	17,578
Subordinated loan (Note 15.2)	**32,189**	32,189
Dividends payable	**-**	3,087

15.1 Member's margin deposits comprise mudarabah account of AED Nil (31 December 2022: AED 39 million) placed on behalf of a related party.

15.2 The subordinated loan has been provided by Borse Dubai Limited, to Nasdaq Dubai Limited. The subordinated loan is unsecured, has no fixed repayment date and does not bear any interest rate effective 1 April 2022. This loan is subordinated to the rights of all other creditors of the subsidiary.

The Group has not provided any loans to its directors during the year ended 31 December 2023 and 2022.

The Group obtains approval from the shareholders with regards to the transactions with related parties in order to comply with the provisions of the UAE Federal Decree Law No. 32 of 2021.

The Group has applied the partial exemption allowed under IAS 24 to Government owned entities and has disclosed the nature and amount of each individually significant transaction and for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of its extent. The ultimate parent and controlling party is the Government of Dubai which owns 80.66% (31 December 2022: 80.66%) of Dubai Financial Market P.J.S.C. through Investment Corporation of Dubai, a Government of Dubai entity. The Group in the usual course of operating Dubai stock exchange incur expenses and receives fees based on the standard terms applicable in the market from Government related entities. In addition, the Group carries out investment activities with Government related entities on its own behalf. There are no other transactions that are individually or collectively significant.

16. Leases

Leases as a lessee (IFRS 16)

The Group leases office premises. The leases typically run for a period of 3-5 years, with an option to renew the lease after that date. Lease payments are renegotiated every 3-5 years to reflect market rentals. Some leases provide for additional rent payments that are based on changes in local price indices.

The property leases were entered into as combined leases and renewed on an annual basis.

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use assets

Right-of-use assets related to leased properties are presented as property and equipment.

ii. Lease liabilities

	2023 **AED'000**	2022 AED'000
Non-current lease liabilities	**2,340**	-
Current lease liabilities (Note 18)	**2,125**	8,885
	4,465	8,885

iii. Amounts recognised in consolidated statement of income

	2023 **AED'000**	2022 AED'000
Interest expense on lease liabilities	**117**	683

iv. Amounts recognised in consolidated statement of cash flows

	2023 **AED'000**	2022 AED'000
Total cash outflow for lease liabilities	**10,549**	9,067

17. Provision for employees' end of service indemnity

	2023 AED'000	2022 AED'000
Balance at the beginning of the year	**23,162**	22,277
Charged during the year	**3,811**	2,674
Paid during the year	**(5,714)**	(1,789)
Balance at the end of the year	**21,259**	23,162

18. Payables and accrued expenses

	2023 AED'000	2022 AED'000
Dividends payable on behalf of companies listed on the DFM ("MyAccount") (Note 10.3)	**969,629**	877,499
iVESTOR cards (Note 10.3)	**436,992**	388,866
Members' margin deposits (Note 18.1)	**10,191**	48,403
Brokers' retention	**-**	26,270
Accrued expenses and other payables	**19,274**	19,787
Central counterparty balances (Note 11.1)	**130,498**	91,174
Due to UAE Securities and Commodities Authority	**366**	545
Unearned revenue	**1,010**	4,818
Zakat	**1,124**	1,086
Current lease liabilities (Note 16)	**2,125**	8,885
Customer initial public offering ("IPO") subscriptions	**24**	18
VAT payable	**3,611**	3,073
	1,574,844	1,470,424

18.1 Clearing members are required to provide margins in respect of their clearing and settlement obligations to the Group. Margins are held in segregated accounts in the name of DFM at clearing banks. Margins provided by clearing members are used by the Group towards discharging the clearing members' obligations to the Group in the event of default by the clearing member in connection with trade settlements. Refer to Note 15.1.

19. Dividends payable

19.1 At the Annual General Meeting held on 21 March 2023, the Company has declared dividends for 2022 of AED 134.7 million representing AED 0.016841 per share including non sharia compliant income of AED 24.7 million for the year ended 31 December 2022.

At the Annual General Meeting held on 22 March 2022, the Company declared dividends for 2021 of AED 240 million representing AED 0.03 per share including non sharia compliant income of AED 16.8 million for the year ended 31 December 2021 and AED 30.9 million for the year ended 31 December 2020.

19.2 Unpaid dividends for shareholders other than the Parent company is AED 0.086 million (31 December 2022: AED 3 million).

20. Investment income

	2023	2022
	AED'000	AED'000
Investment income from other financial assets measured at FVTOCI	**11,644**	11,644
Investment income from investments at amortised cost	**10,069**	11,402
Investment income from investment deposits	**147,095**	56,943
	168,808	79,989

21. Dividend income

For the year ended 31 December 2023, dividends received from financial assets measured at FVTOCI amounting to AED 20.2 million (31 December 2022: AED 13.8 million) were recognised as dividend income in the consolidated statement of income.

22. General and administrative expenses

	2023	2022
	AED'000	AED'000
Payroll and other benefits	**88,904**	85,288
Depreciation (Note 7)	**20,988**	21,799
Maintenance expenses	**14,260**	13,338
Telecommunication expenses	**6,826**	7,429
Professional expenses	**4,740**	4,494
iVESTOR expenses	**8,611**	5,328
Board of Directors remuneration and expenses	**4,308**	3,755
Other expenses	**12,386**	8,146
	161,023	149,577

23. Provision for impairment on financial asset

This represents provision against long term deposit amounting to AED 18.89 million (31 December 2022: AED Nil).

24. Basic and diluted earnings per share

	2023 AED'000	2022 AED'000
Net profit for the year attributable to the owners of the Company (AED'000)	**329,404**	147,113
Authorised, issued and paid up share capital ('000)	**8,000,000**	8,000,000
Less: Treasury shares ('000)	**(4,237)**	(4,237)
Number of shares issued ('000)	**7,995,763**	7,995,763
Basic and diluted earnings per share - AED	**0.041**	0.018

25. Commitments

	2023 AED'000	2022 AED'000
Commitments for the purchase of property and equipment	**985**	10,147
Unutilized bank overdraft	**136,730**	136,760

In 2010, the Company entered into an agreement with Borse Dubai Limited to acquire the remaining 33% shareholding of Nasdaq Dubai Limited against a consideration of AED 148 million. The exercise and completion of this acquisition is contingent upon the mutual agreement of the Company and Borse Dubai Limited and on a date to be mutually agreed between the Company and Borse Dubai Limited.

26. Non sharia compliant income

Non-sharia compliant income as approved by the Company's Sharia and Fatwa Supervisory Board, has been appropriated from retained earnings for distribution by the Group to its shareholders towards disbursement by the shareholders for charitable purposes. Based on the ruling of the Sharia and Fatwa Supervisory Board, it is the sole responsibility of the individual shareholders to donate their respective shares of this amount for charitable purposes.

Year	**AED'000**
2018	24,801
2019	22,539
2020	30,914
2021	16,824
2022	24,683

Non-Sharia compliant income of AED 24.7 million relating to 2022 (2022: AED 16.8 million relating to 2021) as approved by the Company's Sharia and Fatwa Supervisory Board, has been appropriated from retained earnings during the year ended 31 December 2023 and has been distributed by the Group to its shareholders towards disbursement by the shareholders for charitable purposes. Based on the ruling of the Sharia and Fatwa Supervisory Board, it is the sole responsibility of the individual shareholders to donate their respective shares of this amount for charitable purposes.

27. Financial risk management objectives

27.1 Financial risk factors

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks. The Group regularly reviews its risk management policies to reflect changes in markets, products and emerging best practice.

The Group's finance department monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, price risk and profit rate risk), credit risk and liquidity risk.

27.2 Market risk

(a) Foreign exchange risk

The Group's activities are not exposed to the financial risks of changes in foreign currency exchange rates because substantially all the financial assets and liabilities are denominated in AED or United States Dollar (USD) to which the AED is pegged.

(b) Price risk

The Group is exposed to equity price risk arising from quoted equity investments. Equity investments are held for strategic rather than trading purposes and the Group does not actively trade in these investments. The Group limits equity price risk by maintaining a diversified portfolio and by continuous monitoring of developments in the market. In addition, the Group actively monitors the key factors that affect stock and market movements, including analysis of the operational and financial performance of investees. The Group as at 31 December 2023 has an equity investment portfolio measured at FVTOCI amounting to AED 1,018 million (31 December 2022: AED 969 million).

Equity price sensitivity analysis

The sensitivity analyses below has been determined based on the exposure to equity price risk at the reporting date.

If equity prices had been 5% higher/lower:

- Investment revaluation reserve would increase/decrease by AED 51 million (31 December 2022: AED 48 million) as a result of the changes in fair value of the equity investments.

27. Financial risk management objectives (continued)

27.2 Market risk (continued)

(c) Profit rate risk

Profit rate risk is the risk that the value of the future cash flows for the financial instruments will fluctuate due to changes in market profit rates. The principal risk to which financial assets and liabilities are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market profit rates. The Group's long term financial assets and liabilities are priced generally on a floating rate basis, which tracks the changes in market interest rates.

Financial assets which potentially subject the Group to profit rate risk consist principally of investment deposits, balances with banks and other financial institutions, investments at amortized cost and investment in sukuk measured at FVTOCI. A shift of +/- 50bps in the yield curve would result in an increase/ decrease in investment income and equity by AED 17.9 million (31 December 2022: AED 15.9 million).

27.3 Credit risk

The Group is exposed to credit risk, which is the risk that the counterparty will cause a financial loss to the Group by failing to discharge an obligation. Financial assets which potentially subject the Group to credit risk consist principally of investments at amortised cost, investment deposits, other receivables and cash and cash equivalents.

The maximum exposure to credit risk before collaterals held or other credit enhancements is as follows:

	2023	2022
	AED'000	AED'000
Financial assets		
Investments at amortised cost (Note 9)	**264,279**	273,990
Investment deposits (Note 10)	**3,100,731**	2,517,419
Other receivables (Note 11)	**217,875**	135,583
Cash and cash equivalents (Note 12)	**160,923**	469,401
Total financial assets	**3,743,808**	3,396,393

The above table represents a worst-case scenario of credit risk exposure to the Group without taking account of any collateral held or other credit enhancements attached. The exposures set out above are based on carrying amounts of the financial assets as reported in the statement of financial position.

Investment deposits and cash and cash equivalents

The Group held current investment deposits of AED 2,974 million (31 December 2022: AED 2,313 million) and cash and cash equivalents of AED 161 million as at 31 December 2023 (31 December 2022: AED 469 million) with banks and financial institution counterparties, which are rated P1 or P2, based on Moody's and Fitch ratings. Impairment on cash and cash equivalents and current investment deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and current investment deposits have low credit risk based on the external credit ratings of the counterparties and therefore no ECL has been recognised.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

27. Financial risk management objectives (continued)

27.3 Credit risk (continued)

Investment deposits and cash and cash equivalents (continued)

The rating of the banks as per Moody's and Fitch and the respective current investment deposit and cash and cash equivalents balances are as follows:

	2023	2022
	AED'000	AED'000
Bank ratings		
P1	**323,004**	708,173
P2	**2,811,764**	2,074,144
Total	**3,134,768**	2,782,317

For non-current investment deposits held with other counterparties, a full IFRS 9 ECL model has been applied and allowance for impairment loss of AED 282 million as at 31 December 2023 (31 December 2022: AED 282 million) has been recognised.

Investments at amortised cost

The Group limits its exposure to credit risk by investing only in sukuk issued by reputed UAE financial institutions, government owned entities and other UAE based entities which are unrated.

For rated entities, the Group monitors changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings by supplementing it with available press and regulatory information about issuers. For unrated entities the Group evaluates the financial performance of the issuers periodically to monitor changes in credit risk and further supplements with available press and regulatory information about issuers.

For ECL on investments at amortised cost, the 12-month and lifetime probabilities of default are based on historical data supplied by Moody's and Fitch ratings. Loss given default (LGD) parameters generally reflect an assumed recovery rate of 27% for reputed UAE financial institutions and 40% for other entities except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The following table presents an analysis of the credit quality of sukuk classified as investment at amortised cost and non-current investment deposits with counterparties other than banks. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and, in the latter case, whether they were credit-impaired.

27. Financial risk management objectives (continued)

27.3 Credit risk (continued)

The impairment and loss allowance for the year ended 31 December 2023 are as follows:

		At amortised cost 31 December 2023	
In thousands of AED	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL – not credit-impaired**	**Stage 3 Lifetime ECL - credit-impaired**
Gross carrying amounts (amortised cost before impairment)	**261,856**	**182,424**	**226,020**
Impairment	**-**	**(55,311)**	**(226,020)**
Loss allowance	**-**	**(504)**	**-**
Carrying amount	**261,856**	**126,609**	**-**

The impairment and loss allowance for the year ended 31 December 2022 are as follows:

		At amortised cost 31 December 2022	
In thousands of AED	Stage 1 12-month ECL	Stage 2 Lifetime ECL – not credit-impaired	Stage 3 Lifetime ECL - credit-impaired
Gross carrying amounts (amortised cost before impairment)	273,990	195,323	290,675
Impairment	-	(17,583)	(263,722)
Loss allowance	-	(447)	(57)
Carrying amount	273,990	177,293	26,896

The Group did not have any investment in sukuk that were non-performing at 31 December 2023 and 31 December 2022.

The Group has no collateral in respect of the above investments and there was no movement between stages during the years ended 31 December 2023 and 31 December 2022.

Other receivables

The Group applies the simplified approach permitted by IFRS 9 for trade receivables of AED 217 million as at 31 December 2023 (31 December 2022: AED 135 million), which requires lifetime expected credit losses to be recognized from initial recognition of the financial assets. The Group has made a full provision of AED 1.2 million (31 December 2022: AED 0.7 million) against its doubtful receivables as at 31 December 2023. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with licensed brokers and receivables from brokers are secured by bank guarantees. The credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

27. Financial risk management objectives (continued)

27.4 Liquidity risk

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the remaining contractual maturities at the date of the consolidated statement of financial position. The liquidity profile of financial liabilities is as follows:

	Within 3 months AED'000	3 to 6 months AED'000	6 to 12 months AED'000	1 to 5 Years AED'000	Over 5 years AED'000	Total AED'000
31 December 2023						
Financial liabilities						
Payables and accrued expenses	**1,573,833**	**-**	**-**	**-**	**-**	**1,573,833**
Lease liabilities (non-current)	**-**	**-**	**-**	**2,340**	**-**	**2,340**
Subordinated loan	**32,189**	**-**	**-**	**-**	**-**	**32,189**
Due to a related party	**-**	**-**	**13,855**	**-**	**-**	**13,855**
Dividends payable	**86**	**-**	**-**	**-**	**-**	**86**
Total financial liabilities	**1,606,108**		**13,855**	**2,340**	**-**	**1,622,303**
31 December 2022						
Financial liabilities						
Payables and accrued expenses	1,465,606	-	-	-	-	1,465,606
Lease liabilities (non-current)	-	-	-	-	-	-
Subordinated loan	32,189	-	-	-	-	32,189
Due to a related party	-	-	17,578	-	-	17,578
Dividends payable	3,087	-	-	-	-	3,087
Total financial liabilities	1,500,882	-	17,578	-	-	1,518,460

27.5 Fair value of financial instruments

'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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

The Group's financial assets and financial liabilities comprise of cash and cash equivalents, investment deposits, financial assets measured at FVTOCI, investments at amortized cost, subordinated loan, receivables and payables whose maturity is short term. Non-current investment deposits carry market rates of return. Consequently, their fair value approximates the carrying value, after taking into account impairment, stated in the consolidated statement of financial position.

27. Financial risk management objectives (continued)

27.5 Fair value of financial instruments (continued)

The Group has classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the consolidated statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily of quoted equity investments classified as FVTOCI.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market inputs where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. These investments comprise funds, the fair values of which are based on the net asset value provided by the fund managers.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Level 3 assets represent unquoted private equity and mutual fund investments whose fair value is determined based on varying unobservable assumptions which depend on a broad range of macroeconomic factors. The carrying values of these investments are adjusted as follows:

- Private equity investments - using the latest available net book value and market approach using prevailing secondary market prices of similar instruments
- Mutual funds - based on the net asset value derived from the EBITDA/PE multiple or value per share provided by the fund managers.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined using similar valuation techniques and assumptions as used for the year ended 31 December 2022.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

27. Financial risk management objectives (continued)

27.5 Fair value of financial instruments (continued)

Fair value of the Group's financial assets that are measured at fair value on recurring basis

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table presents these financial assets measured at fair value as at 31 December 2023 and 2022:

		31 December 2023		
	Level 1 AED'000	**Level 2 AED'000**	**Level 3 AED'000**	**Total AED'000**
Financial assets measured at fair value through other comprehensive income				
- Equities	**690,363**	**6,427**	**-**	**696,790**
- Managed funds	**-**	**61,755**	**-**	**61,755**
- Investments in sukuk	**260,403**	**-**	**-**	**260,403**
Total	**950,766**	**68,182**	**-**	**1,018,948**

		31 December 2022		
	Level 1 AED'000	Level 2 AED'000	Level 3 AED'000	Total AED'000
Financial assets measured at fair value through other comprehensive income				
- Equities	387,120	6,427	-	393,547
- Managed funds	-	313,678	-	313,678
- Investments in sukuk	262,230	-	-	262,230
Total	649,350	320,105	-	969,455

There were no transfers between each of level during the year. There are no financial liabilities which should be categorised under any of the level in table above.

The Group has purchased or invested in shares during the year ended 31 December 2023 amounting to AED 10.3 million (31 December 2022: AED 115 million).

The following table summarises the carrying amount and fair value of the investments at amortised cost as at 31 December 2023, all of which are classified as level 2 in fair value hierarchy:

	Carrying amount AED'000	**Fair value AED'000**
Investments at amortised cost		
Investment in sukuk	**264,279**	**238,091**

27. Financial risk management objectives (continued)

27.5 Fair value of financial instruments (continued)

The following table summarises the carrying amount and fair value of the investments at amortised cost as at 31 December 2022, all of which are classified as level 2 in fair value hierarchy:

	Carrying amount AED'000	Fair value AED'000
Investments at amortised cost		
Investment in sukuk	273,990	247,640

28. Financial assets and liabilities

The table below sets out the Group's classification of each category of financial assets and liabilities and their carrying amounts as at 31 December 2023 and 31 December 2022.

Financial assets by category

	2023 AED'000	2022 AED'000
Assets as per consolidated statement of financial position		
Financial assets at FVTOCI		
Financial assets measured at fair value through other comprehensive income (FVTOCI) (Note 8)	**1,018,948**	969,455
Financial assets at amortised cost		
Investments at amortised cost (Note 9)	**264,279**	273,990
Investment deposits (Note 10)	**3,100,731**	2,517,419
Other receivables (Note 27.3)	**217,875**	135,583
Cash and cash equivalents (Note 12)	**160,923**	469,401
	3,743,808	3,396,393

Financial liabilities by category

	2023 AED'000	2022 AED'000
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
Subordinated loan (Note 15)	**32,189**	32,189
Lease liabilities (Note 16)	**2,340**	-
Payables and accrued expenses (Note 18)	**1,573,833**	1,465,606
Dividends payable (Notes 15 & 19)	**86**	3,087
Due to a related party (Note 15)	**13,855**	17,578
	1,622,303	1,518,460

The carrying amounts of financial assets and liabilities measured at amortised cost are not materially different from their fair values at the balance sheet date.

Notes to the consolidated financial statements
for the year ended 31 December 2023 (continued)

29. Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

30. Segment reporting

Following the management approach to IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assessing its performance. The Group is managed as one unit and therefore the Board of Directors are of the opinion that the Group is engaged in a single segment of operating stock exchanges and related clearing house.

31. Social contributions

The Group has made no material monetary social contributions during the year ended 31 December 2023 (31 December 2022: AED Nil).

32. Corporate tax

On 9 December 2022, the United Arab Emirates (UAE) Ministry of Finance ("MOF") released Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to enact a new CT regime in the UAE. The new CT regime has become 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 CT Law confirms the rate of 9% to be applied to taxable income exceeding a specified threshold. It is not currently foreseen that the Group will be subject to the application of the Global Minimum Tax rate of 15% in FY2024. The application is dependent on the implementation of Base Erosion Profit Shifting (BEPS 2) - Pillar Two rules by the countries where the Group operates and the implementation of a top-up tax regime by UAE MOF.

As per the Group's assessment, there is no deferred tax impact on account of the CT Law in the Group consolidated financial statements for the year ended 31 December 2023. Furthermore, based on the Group's assessment, the expected effective tax rate that it will be subject to in the UAE is 9%.

33. Subsequent events

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements as at and for the year ended 31 December 2023.