SHUAA CAPITAL PSC

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD FROM 1 JANUARY 2019 TO 30 SEPTEMBER 2019

Review report and condensed consolidated interim financial information for the period from 1 January 2019 to 30 September 2019

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Review report on condensed consolidated interim financial information to the Board of Directors of SHUAA Capital PSC

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of SHUAA Capital PSC (the "Company") and its subsidiaries (the "Group") as at 30 September 2019 and the related condensed consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the condensed consolidated statement of cash flows and changes in equity for the nine-month period then ended and other explanatory notes. The directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with *International Accounting Standard 34 - Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of the condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of matter

We draw attention to Note 1 to the accompanying condensed consolidated interim financial information, which describes the reverse acquisition of the Company by Abu Dhabi Financial Group L.L.C. (ADFG). ADFG was identified as the "accounting acquirer" in this transaction and therefore the comparatives in the financial statements are those of ADFG. Our conclusion is not modified in respect of this matter.

PricewaterhouseCoopers
14 November 2019

Douglas O'Mahony
Registered Auditor Number 834
Place: Dubai, United Arab Emirates

PricewaterhouseCoopers (Dubai Branch), License no. 102451
Emaar Square, Building 4, Level 8, P O Box 11987, Dubai - United Arab Emirates
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Condensed consolidated statement of financial position as at 30 September 2019 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

	Notes	***30 September 2019 Unaudited***	*31 December 2018 Audited*
Assets			
Cash and deposits with banks	5	**297,852**	21,586
Receivables and other debit balances	6	**184,829**	87,798
Loans, advances and finance leases	7	**534,166**	319,157
Inventories	8	**23,551**	-
Financial assets at fair value through profit or loss (FVTPL)	9	**2,631,228**	1,149,864
Financial assets at fair value through other comprehensive income (FVTOCI)		**142,501**	-
Investments in associates	10	**425,535**	-
Property and equipment	11	**85,874**	15,813
Goodwill and other intangible assets	12	**1,162,575**	-
Assets of disposal groups classified as held for sale	33	**312,627**	-
Total Assets		**5,800,738**	1,594,218
Liabilities			
Borrowings	13	**2,237,593**	1,015,584
Payables and other credit balances	14	**651,213**	253,394
Other financial liabilities	15	**214,271**	-
Payables to unit holders		**704,667**	-
Liabilities included in disposal groups classified as held for sale	33	**239,763**	-
Total Liabilities		**4,047,507**	1,268,978
Equity			
Share capital	16	**2,535,720**	60,000
Share premium		**52,579**	52,579
Statutory reserve		**30,000**	30,000
Other reserves	17	**(1,434,874)**	-
Retained earnings		**153,804**	178,661
Equity attributable to Owners		**1,337,229**	321,240
Non-controlling interests (NCI)		**416,002**	4,000
Total Equity		**1,753,231**	325,240
Total Equity and Liabilities		**5,800,738**	1,594,218

The condensed consolidated interim statement of financial information was approved by the Board of Directors on 14 November 2019.

Fadhel Al Ali
Chairman

Jassim Alseddiqi
Chief Executive Officer

The accompanying notes form an integral part of this condensed consolidated interim financial information.

SHUAA CAPITAL PSC

Condensed consolidated statement of profit or loss
for the period from 1 January 2019 to 30 September 2019 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

	Notes	***1 July to 30 September 2019 (3 months) Unaudited***	*1 July to 30 September 2018 (3 months) Unaudited*	***1 January to 30 September 2019 (9 months) Unaudited***	*1 January to 30 September 2018 (9 months) Unaudited*
Continuing operations					
Net fee and commission income	18	**42,667**	4,975	**53,840**	19,332
Advisory income		**16,318**	10,234	**21,602**	29,890
Net interest income	19	**5,457**	273	**5,501**	521
Trading income		**1,940**	-	**1,940**	-
Carried interest income		**20,554**	-	**20,554**	-
Other operating income	20	**2,555**	1,778	**16,663**	6,824
Total revenues		**89,491**	17,260	**120,100**	56,567
Staff costs		**(23,792)**	(8,562)	**(38,661)**	(22,550)
Employee carried interest		**(8,222)**	(1,728)	**(8,222)**	(4,802)
General and administrative expenses	21	**(17,616)**	(8,255)	**(20,243)**	(19,046)
Provision for impairment on financial instruments	22	**(7,337)**	-	**(7,737)**	(3,000)
Other operating expenses	23	**(24,275)**	6,703	**(38,757)**	(374)
Total expenses		**(81,242)**	(11,842)	**(113,620)**	(49,772)
Profit before other income and finance cost		**8,249**	5,418	**6,480**	6,795
Fair value (losses)/gains from investments		**(104,728)**	48,590	**(107,852)**	137,572
Share of profit from investment in associates		**2,409**	-	**2,409**	-
Finance cost		**(36,933)**	(17,629)	**(64,491)**	(48,103)
Finance credit relating to unit holders		**80,124**	-	**80,124**	-
Other income/(expense)	24	**70,593**	18,038	**53,438**	31,707
Profit/(loss) from continuing operations		**19,714**	54,417	**(29,892)**	127,971
Profit from discontinued operations	33	**1,710**	-	**1,710**	-
Profit/(loss) for the period		**21,424**	54,417	**(28,182)**	127,971
Less: (Loss)/profit for the period attributable to NCI		**(325)**	4,000	**(325)**	4,000
Profit/(loss) attributable to Owners		**21,749**	50,417	**(27,857)**	123,971
Earnings/(loss) per share attributable to Owners from continuing operations (in AED)	25	**0.01**	0.03	**(0.02)**	0.08
Earnings/(loss) per share attributable to Owners (in AED)	25	**0.01**	0.03	**(0.02)**	0.08

Condensed consolidated statement of other comprehensive income for the period from 1 January 2019 to 30 September 2019 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

	1 July to 30 September 2019 (3 months) Unaudited	*1 July to 30 September 2018 (3 months) Unaudited*	***1 January to 30 September 2019 (9 months) Unaudited***	*1 January to 30 September 2018 (9 months) Unaudited*
Profit/(loss) for the period	**21,424**	54,417	**(28,182)**	127,971
Other comprehensive (loss)/income				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	**7,825**	-	**7,825**	-
Share of other comprehensive loss from investment in associates	**(26,871)**		**(26,871)**	
Net loss on cash flow hedges	**(524)**	-	**(524)**	-
Items that will not be reclassified to profit or loss				
Changes in the fair value of equity investments at fair value through other comprehensive income	**(1,268)**	-	**(1,268)**	-
Other comprehensive loss for the period	**(20,838)**	-	**(20,838)**	-
Total comprehensive income/(loss) for the period	**586**	54,417	**(49,020)**	127,971
Total comprehensive income attributable to NCI	**2,990**	4,000	**2,990**	4,000
Total comprehensive (loss)/income attributable to Owners	**(2,404)**	50,417	**(52,010)**	123,971

Condensed consolidated statement of cash flows
for the period from 1 January 2019 to 30 September 2019 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

	Notes	***1 January to 30 September 2019 (9 months) Unaudited***	*1 January to 30 September 2018 (9 months) Unaudited*
Cash flows from operating activities			
(Loss)/profit for the period		**(28,182)**	127,971
Adjustments for (non-cash items):			
Finance credit relating to unit holders		**(80,124)**	-
Foreign exchange loss		**2,015**	10,778
Carried interest recognised – net		**(12,333)**	241
Finance cost		**64,491**	48,103
Net interest income		**(5,501)**	(521)
Fair value loss/(gain) on investments at FVTPL		**107,852**	(148,743)
Fair value (gains)/losses from investments in associates		**(2,409)**	-
Loss/(gain) on revaluation of derivative financial liabilities		**646**	(18,046)
Employees' end of service benefit charge		**1,157**	771
Provisions and allowances for impairment - net		**7,737**	-
Depreciation and amortization		**10,821**	2,028
Operating cash flows before movements in working capital		**66,170**	22,582
Decrease in inventories		**12**	-
Decrease in receivables and other debit balances		**56,603**	32,034
Increase in loans and advances		**(3,478)**	(144,206)
(Increase)/decrease in payables and other credit balances		**(584,007)**	4,425
Increase in financial liabilities		**233,787**	-
Employees' end of service benefit paid		**(2,004)**	(73)
Net cash used in operating activities		**(232,917)**	(85,238)
Cash flows from investing activities			
Net disposal/(acquisition) of investments		**35,092**	(87,195)
Net interest received		**5,501**	521
Net proceeds/(payments) of property and equipment/ intangibles		**1,632**	(2,613)
Carried interest received		**20,554**	5,217
Carried interest paid		**(8,222)**	(6,197)
Net cash generated from/(used in) investing activities		**54,557**	(90,267)
Cash flows from financing activities			
Net (repayments of)/proceeds from borrowings		**(50,046)**	373,172
Dividends paid		**-**	(150,000)
Finance cost paid		**(56,320)**	(28,854)
Net cash (used in)/ generated from financing activities		**(106,366)**	194,318
Net (decrease)/increase in cash and cash equivalents		**(284,726)**	18,813
Cash and cash equivalents at beginning of the period	5	**21,586**	17,587
Foreign currency translation		**1,011**	-
Cash and cash equivalents acquired in business combination		**800,559**	-
Cash and cash equivalent from discontinued operations	33.1	**(240,578)**	-
Restricted cash		**(70,438)**	-
Cash and cash equivalents at end of the period	5	**227,414**	36,400
Cash flow from discontinued operations	33.4	**(214,948)**	-

Issuance of shares by SHUAA for acquisition of ADFG was a non-cash consideration and therefore not reflected above.

The accompanying notes form an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity
for the period from 1 January 2019 to 30 September 2019 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non - controlling interests	Total
Balance at 1 January 2018	60,000	52,579	30,000	(1,829)	328,661	469,411	-	469,411
Impact on first time adoption of IFRS 15	-	-	-	-	(47,114)	(47,114)	-	(47,114)
Impact on first time adoption of IFRS 9	-	-	-	1,829	(6,122)	(4,293)	-	(4,293)
Balance at 1 January 2018 (Restated) (Audited)	60,000	52,579	30,000	-	275,425	418,004	-	418,004
Profit for the period	-	-	-	-	123,971	123,971	4,000	127,971
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-
	60,000	52,579	30,000	-	399,396	541,975	4,000	545,975
Payment of dividends	-	-	-	-	(150,000)	(150,000)		(150,000)
Balance at 30 September 2018 (Unaudited)	60,000	52,579	30,000	-	249,396	391,975	4,000	395,975
Balance at 1 January 2019 (Audited)	**60,000**	**52,579**	**30,000**	**-**	**178,661**	**321,240**	**4,000**	**325,240**
Loss for the period	**-**	**-**	**-**	**-**	**(27,857)**	**(27,857)**	**(325)**	**(28,182)**
Other comprehensive income/(loss) for the period	**-**	**-**	**-**	**(24,153)**	**-**	**(24,153)**	**3,315**	**(20,838)**
Total comprehensive (loss)/ income for the period	**-**	**-**	**-**	**(24,153)**	**(27,857)**	**(52,010)**	**2,990**	**(49,020)**
Transactions with the owners in their capacity as owners								
Non-cash distribution (Note 1(ii))	-	-	-	-	**(1,000)**	**(1,000)**	-	**(1,000)**
Acquisition of subsidiaries	**2,475,720**	-	-	**(1,410,721)**	**4,000**	**1,068,999**	**409,012**	**1,478,011**
Balance at 30 September 2019 (Unaudited)	**2,535,720**	**52,579**	**30,000**	**(1,434,874)**	**153,804**	**1,337,229**	**416,002**	**1,753,231**

The accompanying notes form an integral part of this condensed consolidated interim financial information.

(Currency - Thousands of U.A.E. Dirhams)

1. LEGAL STATUS AND ACTIVITIES

SHUAA Capital P.S.C (the "Company") is a public shareholding company established in Dubai, United Arab Emirates, pursuant to Emiri Decree No. 6 of 25 April 1979 and in accordance with the UAE Federal Law No. 2 of 2015 (as amended) ("Companies Law"). The registered address of the Company is P.O. Box 31045, Dubai, United Arab Emirates. The Company's shares are traded on the Dubai Financial Market in the United Arab Emirates.

The Company is licensed by the Securities and Commodities Authority to conduct Investment Management, Financial Consulting and Financial Analysis, Promotion and Managing Initial Public Offering activities. The Company and its subsidiaries conduct a diversified range of investment and financial services activities with special emphasis on the Arab region in general, the U.A.E. and the G.C.C. markets in particular; and is actively involved in public and private capital markets in the region.

On 11 July 2019 the shareholders of the Company approved the proposed merger with Abu Dhabi Financial Group L.L.C. (ADFG). The merger with SHUAA was effected through a share-swap transaction at an exchange ratio of 36,768 SHUAA shares for every share of ADFG. Under the terms of the transaction, SHUAA issued 1,470,720,000 new SHUAA shares to the Abu Dhabi Capital Management LLC (the "Strategic Investor") in return for the entire issued share capital of ADFG. This implied that the Strategic Investor acquired 58% of the combined entity. Strategic Investor, a wholly owned subsidiary of ADFG was carved out to its Owners as part of the restructuring of the ADFG Group prior to the transaction. The Owners then vested their shares in ADFG to the Strategic Investor.

This merger transaction is accounted for as reverse acquisition as per *IFRS 3 – Business Combinations. IFRS 3* requires that an acquirer be identified in any business combination and acquisition accounting principles be applied. ADFG was identified as the "accounting acquirer" in this transaction and therefore the comparatives in the financial statements are of ADFG. The principles of reverse acquisition were used to reflect the acquisition of the Company by ADFG, effective 1 August 2019. This condensed consolidated interim financial information is therefore a continuation of the financial statements of ADFG (the accounting acquirer). A complete set of significant accounting policies and critical accounting judgements of the Group have also been presented and explained in this condensed consolidated interim financial information.

Abu Dhabi Financial Group L.L.C. was incorporated on 9 January 2011 and operates under a trade license issued in Abu Dhabi, United Arab Emirates ("UAE"). The registered office of ADFG is P.O. Box 112230, Abu Dhabi, UAE.

ADFG and its subsidiaries (together referred as the "Group") principal activities are to carry out commercial and real estate investment activities, establishment and management of enterprises, and consultancy services.

Investment Entities – exemption from consolidation

The *IFRS 10 - Consolidated Financial Statements* standard introduced an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent entity that is an investment entity to measure its subsidiaries at fair value through profit or loss (FVTPL), in accordance with IFRS 9 instead of consolidating those subsidiaries. Prior to the merger with the Company, ADFG met the definition of an investment entity and accounted for certain subsidiaries at FVTPL. Following the merger ADFG ceased to be an investment entity effective 1 August 2019. Consequently, the subsidiaries which were previously measured at FVTPL are consolidated using acquisition accounting under IFRS 3 (Note 32).

Change of Name

On 11 September 2019, the shareholders approved to change the Company's name to "Abu Dhabi Financial Group - PJSC", subject to regulatory approvals.

(Currency - Thousands of U.A.E. Dirhams)

1. LEGAL STATUS AND ACTIVITIES (continued)

The condensed consolidated interim financial information comprises the financial information of ADFG and those of its subsidiaries. Material subsidiaries have been listed below:

Name of subsidiary	Place of incorporation	Principal activity	Effective ownership interest % *30 September 2019*	Effective ownership interest % *31 December 2018*
AD CapManage Ltd. (BVI)	B.V.I.	Commercial enterprise investment, institution & management	**100.0%**	100.0%
ADCM Ltd	Cayman Islands	Investment management	**100.0%**	100.0%
ADCM Altus Investment Management Ltd	UAE	Investment management	**100.0%**	100.0%
ADCM Resources Ltd	Cayman Islands	Investment advisory	**100.0%**	100.0%
ADCM Emp Carry Ltd	B.V.I.	Special Purpose Vehicle	**100.0%**	100.0%
AD Power Limited**	Cayman Islands	Investment holding	**100.0%**	100.0%
BBD Partners GP (i)	Cayman Islands	Investment management	**100.0%**	50.0%
EE F&B Holding Ltd**	Montenegro	Investment holding	**100.0%**	100.0%
Horizon Investments- Sole Prop LLC	UAE	Investment holding	**100.0%**	100.0%
Integrated EE Holdings	Montenegro	Project management	**100.0%**	100.0%
Integrated Alternative Finance Limited	UAE	Arranging credit, custody and advising on financial products	**100.0%**	100.0%
Gulf Finance Corporation CJSC	Saudi Arabia	Financing	**100.0%**	-
SHUAA Capital PSC	UAE	Investment holding	**100.0%**	
SHUAA Capital International Limited*	UAE	Market Making / Liquidity Provider	**100.0%**	-
SHUAA Capital Saudi Arabia CJSC	Saudi Arabia	Financial services	**100.0%**	-
SHUAA Securities Egypt SAE	Egypt	Brokerage	**100.0%**	-
SHUAA Securities LLC*	UAE	Brokerage	**100.0%**	-
ADCM SPEF LP Ltd**	Cayman Islands	Investment holding	**96.5%**	96.5%
Integrated Capital PJSC	UAE	Financial services	**96.0%**	-
Asia for Economic Consultancy LLC	Jordan	Consultancy	**94.3%**	-
Amwal International Investment Company KSCP	Kuwait	Financial services	**87.2%**	-
Spadille Limited**	Jersey	Investment holding	**85.0%**	30.9%
Northacre Limited**	UK	Development management	**98.7%**	30.5%
SPE Qannas C Ltd**	Cayman Islands	Investment holding	**74.3%**	74.3%
Qannas Investments Limited**	Cayman Islands	Investment holding	**74.0%**	18.8%
Goldilocks Investment Company Limited**	UAE	Investment holding	**36.5%**	21.7%
Squadron Properties**	Cayman Islands	Investment holding	**33.0%**	33.0%
Astrea Asset Management Limited**	UK	Property management	**33.0%**	33.0%
Abu Dhabi Capital Management LLC (ii)	UAE	Financial consultation	**-**	100.0%
Shine Investments in Commercial Projects owned by ADFG – sole proprietorship L.L.C. (“Shine”) (iii)	UAE	Commercial enterprises investment, institution and management	**-**	80.0%

*These subsidiaries have been classified as held for sale (Note 33)
**Not consolidated until 1 August 2019 as ADFG was an investment entity and measured its investments at fair value through profit or loss

(Currency - Thousands of U.A.E. Dirhams)

1. LEGAL STATUS AND ACTIVITIES (continued)

(i) Effective ownership interest of 50% in BBD Partners GP is held through a subsidiary.

(ii) During the period Abu Dhabi Capital Management LLC (ADCM LLC) was carved out as part of the restructuring of the Group prior to the merger transaction. The shares in ADCM LLC were transferred from ADFG to its shareholders prior to the merger transaction (Note 1).

(iii) In 2016, the Group established Shine Investments in Commercial Projects owned by Abu Dhabi Financial Group LLC ("Shine") to acquire shares in SHUAA Capital PSC ("SHUAA"). During the nine months period ended 30 September 2019, the Group increased its shareholding in Shine from 80% as at 31 December 2018 to 100% and thereafter transferred the entire shareholding to the shareholders of ADFG under a carve-out arrangement for the reorganisation of the Group.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

2.1 New and revised IFRS adopted in the condensed consolidated interim financial information

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in this interim financial information. The application of these revised IFRSs, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

- **IFRS 16, ‘Leases’** - This standard replaces the current guidance in IAS 17 and is a far-reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

  For lessors, the accounting stays remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, 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.

  The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated. The Group has opted to measure right-of-use assets at the amount of the respective lease liabilities adjusted by the amount of any previously recognized prepaid or accrued lease payments and therefore, there is no impact on the retained earnings. The Group has presented right of use assets within ‘Property and equipment’ and lease liabilities within ‘Payable and other credit balances’ in the condensed consolidated statement of financial position.

  On adoption of IFRS 16 Leases, the Group has recognised the following right of use assets and lease liabilities, using incremental borrowing rates ranging from 6-8%, under the respective condensed consolidated interim financial information line items:

	31 December 2018 (Audited)	*Increase*	*1 January 2019*
Property and equipment	**15,813**	**48,689**	**64,502**
Payables and other credit balances	**253,394**	**49,949**	**303,343**

- **Amendment to IFRS 9, ‘Financial instrument’ -** The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets. The amendment also confirms that modifications in financial liabilities will result in the immediate recognition of a gain or loss.

(Currency - Thousands of U.A.E. Dirhams)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (continued)

2.1 New and revised IFRS adopted in the condensed consolidated interim financial information (continued)

- **IFRIC 23 Uncertainty over Income Tax Treatments –** The interpretation addresses the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

  - Whether tax treatments should be considered collectively
  - Assumptions for taxation authorities
  - The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates
  - The effect of changes in facts and circumstances

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

New and revised IFRS	Effective for annual periods beginning on or after
• **IFRS 17, 'Insurance contracts'** - On 18 May 2017, the IASB finished its long-standing project to develop an accounting standard on insurance contracts and published IFRS 17, 'Insurance Contracts'. IFRS 17 replaces IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The standard applies to annual periods beginning on or after 1 January 2022, with earlier application permitted if IFRS 15, 'Revenue from contracts with customers' and IFRS 9, 'Financial instruments' are also applied. IFRS 17 requires a current measurement model, where estimates are remeasured in each reporting period. The measurement is based on the building blocks of discounted, probability-weighted cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contract. A simplified premium allocation approach is permitted for the liability for the remaining coverage if it provides a measurement that is not materially different from the general model or if the coverage period is one year or less. However, claims incurred will need to be measured based on the building blocks of discounted, risk-adjusted, probability weighted cash flows.	1 January 2022
• **Amendments to IFRS 3 -** This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.	1 January 2020
• **Amendments to IAS 1 and IAS 8** - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.	1 January 2020

The Group is currently assessing the impact of these standards, interpretations and amendments on the future financial statements and intends to adopt these, if applicable, when they become effective.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The condensed consolidated interim financial information of the Group has been prepared in accordance with IAS 34, Interim Financial Reporting. The condensed consolidated interim financial information is presented in thousands of United Arab Emirates Dirhams since that is the country in which the parent (ADFG) is domiciled and the majority of the Group's business is transacted.

The condensed consolidated interim financial information has been prepared on the historical cost convention as modified for the measurement at fair value of certain financial instruments.

The condensed consolidated interim financial information does not include all the information required for full annual consolidated financial statements. In addition, results for the nine months period ended 30 September 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

3.2 Basis of consolidation

Subsidiaries are investees controlled by the Group. The Group controls the investee if it meets the control criteria. The Group reassesses whether it has the control if there are changes to one or more elements of control. This includes circumstances in which protective rights become substantive and lead to the Group having power over the investee. The financial statements of the subsidiaries are included in this condensed consolidated interim financial information from the date that the control commences until the date that the control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2018, except for the accounting policies that were applied as part of the business combination as explained in Note 1 and the new accounting policies that became effective from 1 January 2019 as explained in Note 2.

3.3 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method on the following basis:

	Years
Leasehold improvements	1-10
Office equipment	3-5
Motor Vehicle	5
Furniture and fixtures	3-5
Buildings	40
Right-of-use asset	Lease term

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Artworks and paintings included under property and equipment are not depreciated. Subsequent to initial measurement, these assets are measured at fair value.

3.4 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

(Currency - Thousands of U.A.E. Dirhams)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Impairment of non-financial assets (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the period during which they are incurred. Borrowing costs which are directly attributable to the development of a qualifying asset are capitalised.

3.6 Inventories

Work in progress is valued at the lower of cost and net realisable value. Cost of work in progress includes overheads appropriated to the stage of development. Net realisable value is based upon estimated selling prices less further costs expected to be incurred on completion and disposal.

3.7 Treasury shares

Own equity instruments which are acquired (treasury shares) are deducted from equity and accounted for at weighted average cost. No gain or loss is recognised in the consolidated statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3.8 Revenue recognition

<u>Net fee and commission income</u>

Fee income is earned from a diverse range of services provided by the Group to its customers and are accounted for in accordance with IFRS 15 'Revenue from Contracts with Customers'. Under the IFRS 15, fee income is measured by the Group based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Fee income is accounted for as follows:

(i) income earned on the execution of a significant act is recognised as revenue when the act is completed (for example, fees arising from negotiating, or participating in the negotiation of a transaction for a third-party, such as an arrangement for the acquisition of shares or other securities);

(ii) income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management, portfolio and other management advisory and service fees); and

(iii) other fees and commission income and expense are recognised as the related services are performed or received.

<u>Advisory income</u>

Advisory income includes retainer and consultancy fees. It is accrued and recognised as the services are rendered, in accordance with the agreement with the client. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Group. Revenue from services is stated net of rebates and other allowances.

<u>Interest income</u>

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable.

<u>Carried interest</u>

The Group is entitled to receive performance fees ("carried interest") from qualified funds which it manages. These fees are earned once the funds meet certain performance conditions. The carried interest is calculated annually at the reporting date as per the guidance provided by IFRS 15, taking into account the required performance conditions and distribution arrangement. Carried interest recognised by the Group is subject to a constraint. The Group recognises revenue at an amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future periods.

<u>Dividend income</u>

Dividend income from investments is recognised when the Group's right to receive payment has been established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.10 Employee benefits

A provision is made for the full amount of end of service benefits due to non-UAE national employees in accordance with the Group's policy, which is at least equal to the benefits payable in accordance with UAE Labour Law, for their period of service up to the end of the reporting period.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No (9) of 2000 for Pension and Social Security. Such contributions are charged to profit or loss during the employees' period of service.

3.11 Foreign currencies

For the purpose of these condensed consolidated interim financial information U.A.E Dirhams (AED) is the functional and the presentation currency of the Group.

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

On consolidation, assets and liabilities of subsidiaries are translated at rates of exchange prevailing as at the reporting date and the results of their operations are translated at the average rates of exchange for the year. The exchange differences arising on consolidation and equity accounting are taken to other comprehensive income (attributed to non-controlling interests as appropriate).

On disposal of a foreign entity, the deferred cumulative amount recognised in other comprehensive income and accumulated in the separate component of equity relating to that particular foreign operation is recognised in the condensed consolidated statement of profit or loss as part of the gain or loss on sale.

3.12 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

(Currency - Thousands of U.A.E. Dirhams)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

Financial assets (continued)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

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

Classification of financial assets

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).
Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met ; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called ‘accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the ‘other gains and losses' line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

(Currency - Thousands of U.A.E. Dirhams)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

Financial assets (continued)

Definition of default

The Group considers the default in case of trade receivables occurs when a customer balance moves into the age bracket of more than 90 days. For all other financial assets, the Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities

Borrowings, payables and other credit balances and other financial liabilities are classified as ‘financial liabilities’. They are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis in the profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Payables to unit holders

The units of Goldilocks Investment Company Limited, a subsidiary of the Group, are redeemable at the unit holders’ option and therefore the Group has classified the units held by third parties as a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

(Currency - Thousands of U.A.E. Dirhams)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial instruments (continued)

Financial liabilities (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other operating expenses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

3.13 Derivative financial instruments and hedge accounting

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group enters into derivative instruments (interest rate swap contracts and forward foreign exchange contracts) to hedge against interest rate or foreign exchange fluctuations. The fair value of derivative is the equivalent of the unrealized gain or loss from marking to market the derivates using the prevailing market rates. Derivates with positive market values (unrealized gains) are included in receivables and debit balances and derivatives with the negative market values (unrealized losses) are included in other financial liabilities in the statement of financial position.

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of the recognized asset or liability or an unrecognized firm commitment (except for foreign currency risk)
- Cash flow hedges when hedging exposure to the variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a high probable forecast transaction or the foreign currency risk in an unrecognized firm commitment

In relation to cash flow hedges which meet the conditions of hedge accounting, the portion of gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly as other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the income statement as other income / expenses. The gains and losses on effective cash flow hedges recognized initially in equity are transferred to the statement of comprehensive income in the period in which the hedged transaction impacts the income statement. The Company uses interest rate swaps and forward foreign exchanges swaps as hedges for its exposure to interest rate risk and foreign currency risk of tis interest bearing loans and foreign currency commitments.

For hedges that do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the income statement for the year.

3.14 Cash and cash equivalents

Cash and cash equivalents for the purposes of condensed consolidated statement of cash flows consist of cash and short-term deposits maturing within 90 days or less.

3.15 Investment in associates

The Group's investments in associates are accounted for under the equity method of accounting. An associate is an entity in which the Group has significant influence, and which is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy discussions of the investee but is not control or joint control over those policies. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Investment in associates (continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group’s investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

3.16 Leases

Group as a Lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Group as a Lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

3.17 Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain or negative goodwill.

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(Currency - Thousands of U.A.E. Dirhams)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite useful lives are amortised on a straight-line bases over the intangible asset's estimated useful lives over the following periods:

Customer Relationships	5 years
Trademark	10 years

Intangible assets with indefinite useful lives (e.g. trade licenses) are not amortised but are tested for impairment annually either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to definite is made on a prospective basis.

3.19 Non-controlling interests

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

3.20 Non-current assets classified as held for sale and discontinued operations

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the statement of profit or loss.

The financial results of a non-current assets classified as held for sale that meet the definition of a discontinued operation are presented as a single line in the statement of profit or loss and statement of cash flows.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

While applying the accounting policies as stated in note 4, management of the Group has made certain judgments, estimates and assumptions 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 on-going basis. Revision to accounting estimates are recognised in the period of the revision 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 significant judgments and estimates made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

4.1 Critical judgement in applying Group's accounting policies

<u>Business model assessment</u>

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(Currency - Thousands of U.A.E. Dirhams)

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.1 Critical judgement in applying Group's accounting policies (continued)

Carried interest

The Group is entitled to receive performance fees ("carried interest") from qualified funds which it manages. These fees are earned once the funds meet certain performance conditions. The Group recognises carried interest to the amount for which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur in future periods.

Accounting acquirer

One of the most important steps in a business combination is to identify the acquirer in the transaction. From an accounting perspective the legal acquirer may not be the accounting acquirer. In a business combination effected primarily by exchanging equity interests, the acquirer is usually the entity that issues its equity interests. However, in some business combinations, commonly called 'reverse acquisitions', the issuing entity is the acquiree.

As per IFRS 3, several factors determine accounting acquirer - the relative voting rights in the combined entity after the business combination, the existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest, the composition of the governing body of the combined entity, the composition of the senior management of the combined entity, the terms of the exchange of equity interests and relative size (measured in, for example, assets, revenues or profit) of each combining entity.

In the merger transaction with SHUAA, the Group made an assessment of accounting acquirer as per IFRS 3 qualitative and quantitative factors and determined that the acquiring entity for accounting purposes is the entity with a controlling financial interest after the combination took place, being ADFG.

Consolidation - Control assessment

Determining whether the Group has control over an investee is judgmental and involves a critical assessment of the purpose and design of an investee, nature of rights – substantive or protective in nature, assessment of existing and potential voting rights, whether an investor is a principal or agent when exercising its controlling power, relationships between investors and how they affect control and existence of power over specified assets only. The Group critically assesses the overall relationship between the decision-maker and other parties involved with the investee to determine whether the decision-maker acts as an agent. The Group continuously monitors if there are any changes in the composition of the Group and consequently reassesses control if facts and circumstances indicate that any of the elements have changed including an assessment of the variability of returns.

4.2 Key sources of estimation uncertainty

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Fair value measurement of financial assets at FVTPL

The valuation of the Group's financial assets at FVTPL is generally based on recent market transactions on an arm's length basis, in the absence of an active market. If no market data is available, the Group may value its investments using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry, such as the Discounted Cash Flow (DCF) and Net Asset Value (NAV) method, in which case the Group would exercise judgement and estimates on the quantity and quality of the cash flows and fair values, respectively, of the underlying investment.

In performing the fair value measurement, the Group selects inputs that are consistent with the characteristics of the financial asset that market participants would take into account in a transaction for that asset. In some cases, those characteristics result in the application of an adjustment, such as a control premium or non-controlling interest discount. The Group incorporates a premium or discount only when it is consistent with the unit of account for the investment.

Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the recoverable amount using value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(Currency - Thousands of U.A.E. Dirhams)

5. CASH AND DEPOSITS WITH BANKS

	30 September 2019 Unaudited	*31 December 2018 Audited*
Cash on hand	**123**	42
Balances held with banks	**297,729**	21,544
	297,852	21,586
Less: Restricted deposits	**(70,438)**	-
	227,414	21,586

The rate of interest on the deposits held during the period ended 30 September 2019 ranged from 0.5% to 2% (31 December 2018: 0.5%) per annum.

Cash and deposits with banks include deposits of 70,438 (31 December 2018: Nil) with banks, which are held as collateral against the Group's banking facilities including the Central Bank of the UAE guarantee. For the purposes of condensed consolidated interim statement of cash flows, cash and cash equivalents are stated net of these deposits.

6. RECEIVABLES AND OTHER DEBIT BALANCES

	30 September 2019 Unaudited	*31 December 2018 Audited*
Trade receivables – net of loss allowance	**42,627**	77,431
Advances and deposits	**8,227**	2,895
Interest receivable	**3,355**	-
Receivable against unsettled trades	**5,670**	-
Prepayments	**12,963**	2,834
Reverse repurchase agreements	**7,985**	-
Carried interest	**-**	4,228
Assets held for sale	**7,751**	-
Accrued income	**24,339**	-
Receivables from managed funds	**45,183**	-
Others	**26,729**	410
	184,829	87,798

7. LOANS, ADVANCES AND FINANCE LEASES

	30 September 2019 Unaudited	*31 December 2018 Audited*
Loans and advances - net of provision for impairment	**267,923**	319,157
Margin lending - net of provision for impairment	**73,991**	-
Finance leases – net of allowance for uncollectible lease payments	**192,252**	-
	534,166	319,157

Loans and advances include day-1 ECL amounting to AED 5,000 recorded on the effective date of business combination (Note 1).

8. INVENTORIES

Inventories include completed projects/property developed by a group subsidiary amounting to AED 23,551 (31 December 2018: Nil). These were acquired as part of the business combination.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

These include equity fund investments held at fair value through profit or loss amounting to AED 2,249,672 (31 December 2018: AED 649,884).

(Currency - Thousands of U.A.E. Dirhams)

10. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	30 September 2019 Unaudited	*31 December 2018 Audited*
UAE	**304,267**	-
GCC	**121,268**	-
	425,535	-

	30 September 2019 Unaudited	*31 December 2018 Audited*
Acquisitions	**412,672**	-
Reclassification from FVTPL	**37,325**	-
Share of results of associates	**(24,462)**	-
	425,535	-

Investments in associates were acquired as part of the business combination (Note 1). Furthermore, due to cessation of Investment entity status (Note 1), ADFG's holdings in ADCORP Limited have been reclassified from FVTPL to Investment in Associate.

11. PROPERTY AND EQUIPMENT

Property and equipment amounting to AED 51,421 was acquired as part of the business combination (Note 1).

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	30 September 2019 (Unaudited)				
	Goodwill	***Trademark***	***Customer Relationships***	***Trade Licenses***	***Total***
Cost					
Balance at beginning of the period	-	-	-	6	6
Acquired on acquisition of subsidiaries	1,120,866	1,575	9,733	24,820	1,156,994
Impact of foreign currency translation	6,603	-	-	-	6,603
Additions during the period	-	-	-	611	611
Balance at end of the period	**1,127,469**	**1,575**	**9,733**	**25,437**	**1,164,214**
Accumulated amortization					
Balance at beginning of the year	-	-	-	(6)	(6)
Impact of foreign currency translation	(346)	-	-	-	(346)
Charge for the period	-	(14)	(600)	(673)	(1,287)
Balance at end of the period	**(346)**	**(14)**	**(600)**	**(679)**	**(1,639)**
Net book value					
Net book value as at 30 September 2019	**1,127,123**	**1,561**	**9,133**	**24,758**	**1,162,575**
Net book value as at 31 December 2018 (Audited)	-	-	-	-	-

This includes goodwill and other intangibles arisen upon cessation of investment entity (Note 1) and acquisition of subsidiaries as part of the business combination (Note 32) mainly on account of expected synergies, efficient business management, high standards of policies, compliances with relevant regulatory framework and integrity, experience and other strength of the workforce and management. Accordingly, the goodwill recognized represents the excess of the fair value of the net assets acquired over the proportionate share acquired in identifiable net assets.

(Currency - Thousands of U.A.E. Dirhams)

13. BORROWINGS

	30 September 2019 Unaudited	*31 December 2018 Audited*
Repayable within twelve months	**1,625,011**	556,574
Repayable after twelve months	**612,582**	459,010
	2,237,593	1,015,584

Borrowings at the end of the reporting period are as follows:

	30 September 2019 Unaudited	*31 December 2018 Audited*
Due to banks	**1,794,661**	468,273
Due to other financial institutions	**116,725**	184,878
Bonds payable	**326,207**	362,433
	2,237,593	1,015,584

14. PAYABLES AND OTHER CREDIT BALANCES

Payables and other credit balances comprise the following:

	30 September 2019 Unaudited	*31 December 2018 Audited*
Payable to clients	**232,282**	-
Interest/profit payable	**67,460**	16,765
Accruals	**60,358**	17,131
Lease liabilities	**52,426**	-
Repurchase agreements	**46,082**	-
Payables against acquisition	**38,694**	16,815
Dividends payable	**33,488**	-
FVTPL liabilities	**21,113**	-
Realised carried interest payable to employees	**17,164**	11,692
End of service benefits	**16,713**	2,539
Provisions	**16,330**	3,000
Carried interest rebates payable	**15,538**	12,256
Deferred revenue	**4,774**	1,263
Capital call payables	**-**	26,065
Derivative financial liability	**3,860**	119,154
Other payables	**24,931**	26,714
	651,213	253,394

15. OTHER FINANCIAL LIABILITIES

	30 September 2019 Unaudited	*31 December 2018 Audited*
Repayable within twelve months	**177,442**	-
Repayable after twelve months	**36,829**	-
	214,271	-

These comprise of term and wakalah investment certificates.

(Currency - Thousands of U.A.E. Dirhams)

16. SHARE CAPITAL

The merger transaction between SHUAA and ADFG was effected by the issuance of 1,471 million ordinary shares of AED 1 by SHUAA to the existing shareholders of ADFG. The newly issued shares added to the existing share capital of SHUAA (i.e. 1,065 million shares) constitutes the share capital of the legal entity / acquirer after the merger, i.e. the Combined Entity. The table below represents the effect of the merger transaction on the share capital of the Group as of the date of the merger:

	Units (in '000)	**%**
Outstanding shares of ADFG	40	
Exchange ratio	36.768	
Number of shares issued by SHUAA to ADFG	1,470,720	58%
Outstanding shares of SHUAA	1,065,000	42%
Total shares of SHUAA post combination	**2,535,720**	**100%**
Effect of business combination on share capital	2,535,680	

Authorised, issued and fully paid share capital comprises 2,535,720 shares (31 December 2018: 40,000 shares) of AED 1 per share (31 December 2018: AED 1,500 per share). Each share carries one vote and the right to receive dividends.

17. OTHER RESERVES

	30 September 2019 Unaudited	*31 December 2018 Audited*
Merger reserve	**(1,410,721)**	-
Translation reserve	**4,859**	-
Cash flow hedge reserve	**(27,395)**	-
Investment revaluation reserve	**(1,617)**	-
	(1,434,874)	-

Merger reserve represents the excess value of the consideration paid by the legal acquirer (SHUAA) over the nominal value of the pre-merger share capital of the legal acquiree (ADFG).

18. NET FEE AND COMMISSION INCOME

	1 July to 30 September 2019 Unaudited	*1 July to 30 September 2018 Unaudited*	***1 January to 30 September 2019 Unaudited***	*1 January to 30 September 2018 Unaudited*
Fee and commission income	**43,514**	4,975	**67,939**	19,332
Less: Fee and commission expenses	**(847)**	-	**(14,099)**	-
	42,667	4,975	**53,840**	19,332

19. NET INTEREST INCOME

	1 July to 30 September 2019 Unaudited	*1 July to 30 September 2018 Unaudited*	***1 January to 30 September 2019 Unaudited***	*1 January to 30 September 2018 Unaudited*
Interest income	**9,553**	273	**9,597**	521
Less: Interest expense	**(4,096)**	-	**(4,096)**	-
	5,457	273	**5,501**	521

These relate to the lending business undertaken by a subsidiary of the Group.

(Currency - Thousands of U.A.E. Dirhams)

20. OTHER OPERATING INCOME

	1 July to 30 September 2019 Unaudited	*1 July to 30 September 2018 Unaudited*	***1 January to 30 September 2019 Unaudited***	*1 January to 30 September 2018 Unaudited*
Other income	**2,555**	1,778	**11,932**	6,824
Board representation fees	**-**	-	**4,731**	-
	2,555	1,778	**16,663**	6,824

Other income includes income related to operating activities of certain subsidiaries that are other than the primary activities of ADFG and SHUAA.

21. GENERAL AND ADMINISTRATIVE EXPENSES

	1 July to 30 September 2019 Unaudited	*1 July to 30 September 2018 Unaudited*	***1 January to 30 September 2019 Unaudited***	*1 January to 30 September 2018 Unaudited*
Professional fees	**(3,744)**	(3,074)	**(4,748)**	(5,914)
Business travel expenses	**(206)**	(769)	**(300)**	(769)
Administration, technology and communication	**(4,912)**	(2,268)	**(6,060)**	(2,268)
Office rent and related expenses	**(1,759)**	(2,444)	**(3,343)**	(6,218)
Corporate marketing and branding costs	**(1,934)**	(1,314)	**(2,229)**	(1,314)
Others	**(5,061)**	1,614	**(3,563)**	(2,563)
	(17,616)	(8,255)	**(20,243)**	(19,046)

22. PROVISION FOR IMPAIRMENT ON FINANCIAL INSTRUMENTS

	1 July to 30 September 2019 Unaudited	*1 July to 30 September 2018 Unaudited*	***1 January to 30 September 2019 Unaudited***	*1 January to 30 September 2018 Unaudited*
Loans, advances and finance leases	**(5,770)**	-	**(5,770)**	-
Allowances for doubtful receivables and other assets	**(1,567)**	-	**(1,967)**	(3,000)
	(7,337)	-	**(7,737)**	(3,000)

23. OTHER OPERATING EXPENSES

	1 July to 30 September 2019 Unaudited	*1 July to 30 September 2018 Unaudited*	***1 January to 30 September 2019 Unaudited***	*1 January to 30 September 2018 Unaudited*
Depreciation and amortisation	**(4,600)**	(715)	**(10,821)**	(2,028)
Director fee	**(1,050)**	-	**(2,650)**	-
Net foreign exchange (loss)/gain	**(2,069)**	7,418	**(2,015)**	1,737
Others	**(16,556)**	-	**(23,271)**	(83)
	(24,275)	6,703	**(38,757)**	(374)

(Currency - Thousands of U.A.E. Dirhams)

24. OTHER INCOME/(EXPENSES)

	1 July to 30 September 2019 Unaudited	*1 July to 30 September 2018 Unaudited*	***1 January to 30 September 2019 Unaudited***	*1 January to 30 September 2018 Unaudited*
Dividend income	**5,940**	-	**6,024**	13,010
Gain on derivative financial liability	**69,656**	17,819	**69,251**	18,046
Others	**(5,003)**	219	**(21,837)**	651
	70,593	18,038	**53,438**	31,707

25. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share has been computed by dividing the net profit/(loss) attributable to the Owners with the weighted average number of ordinary shares outstanding

	1 July to 30 September 2019 Unaudited	*1 July to 30 September 2018 Unaudited (Restated)*	***1 January to 30 September 2019 Unaudited***	*1 January to 30 September 2018 Unaudited (Restated)*
Profit/(loss) attributable to the Owners	**21,749**	50,417	**(27,857)**	123,971
Weighted average number of ordinary shares	**2,180,720**	1,470,720	**1,707,387**	1,470,720
Earnings/(loss) per share attributable to Owners	**0.01**	0.03	**(0.02)**	0.08

In accordance with the requirements of IFRS 3, the basic earnings per share in the consolidated financial statements, following a reverse acquisition, for the comparative period have been restated. The basic earnings per share for the comparative period was calculated by dividing ADFG's profit attributable to ordinary shareholders in each of those periods by ADFG's historical weighted average number of ordinary shares that were outstanding, multiplied by the exchange ratio established by the business combination agreement.

Diluted earnings per share as of 30 September 2019 and 30 September 2018 are equivalent to basic earnings per share.

26. RELATED PARTY TRANSACTIONS AND BALANCES

The Group enters into transactions with companies and entities that fall within the definition of a related party. Related parties represent significant shareholders, directors and key management personnel of the Group, their close family members and entities controlled, jointly controlled or significantly influenced by such parties. The nature of significant related party transactions and the amounts due to/from related parties were as follows:

	30 September 2019 Unaudited	*31 December 2018 Audited*
Receivables and other debit balances		
Shareholders	**2,854**	31
Associates	**2,022**	2,276
Other related parties	**18,051**	-
	22,927	2,307
Loan, advances and finance leases		
Associates	**71,958**	-
Borrowings		
Shareholders	**66,774**	63,429
Payables and other credit balances		
Associates	**29,981**	29,465
Other related parties	**41,537**	-
Shareholders	**67,261**	-
	138,779	29,465

(Currency - Thousands of U.A.E. Dirhams)

26. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant transactions with related parties included in this condensed consolidated interim financial information is as follows:

	1 July to 30 September 2019 *Unaudited*	1 July to 30 September 2018 *Unaudited*	**1 January to 30 September 2019** *Unaudited*	1 January to 30 September 2018 *Unaudited*
Directors remuneration	**1,017**	500	**2,617**	1,500
Key management compensation:				
Salaries, bonuses and other benefits	**3,387**	5,490	**14,335**	14,005
Post-employment benefits	**124**	99	**319**	408
	3,511	5,589	**14,654**	14,413
Revenue earned from related parties				
Associates	**6,449**	6,136	**19,643**	18,409
Finance cost on the borrowings from significant shareholders	**1,138**	992	**3,375**	2,977

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:
- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

	30 September 2019 (Unaudited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial Assets				
Other investments				
Held at fair value through profit or loss	**2,202,228**	**41,037**	**387,963**	**2,631,228**
Held at fair value through other comprehensive income	**94,465**	**-**	**48,036**	**142,501**
	2,296,693	**41,037**	**435,999**	**2,773,729**
Financial Liabilities				
Held at fair value through profit or loss	**21,113**	**-**	**-**	**21,113**
Derivative instrument	**-**	**3,860**	**-**	**3,860**
	21,113	**3,860**	**-**	**24,973**

(Currency - Thousands of U.A.E. Dirhams)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment held at fair value through profit or loss	948	-	1,148,916	1,149,864
Financial Liabilities				
Derivative financial liability	-	119,154	-	119,154

Financial assets recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

At fair value through profit or loss:

Investments carried at fair value through profit or loss are valued using market prices in active markets or valuation techniques which incorporate data which is both observable and non-observable. This category includes quoted and unquoted securities and funds which invest in underlying assets which are in turn valued based on both observable and non-observable data. Observable inputs include market prices (from active markets), foreign exchange rates and movements in stock market indices. Unobservable inputs include assumptions regarding expected future financial performance, discount rates and market liquidity discounts.

At fair value through other comprehensive income:

Investments carried at fair value through other comprehensive income / available for sale financial assets are valued using quoted prices in active markets, valuation techniques or pricing models and consist of quoted equities, unquoted equities and unquoted funds. These assets are valued using quoted prices or models which incorporate data which is both observable and non-observable. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/09/19	31/12/18				
Fair value through P&L						
Equity investments	**6,407**	648,936	3	Discounted cash flow	Discount rate and growth rate	The higher the discount rate, the lower the fair value
Fixed Income	**-**	-	3	Adjusted NAV	Adjusted NAV	The higher the NAV, the higher the fair value
Fund investments	**381,556**	499,980	3	Adjusted book value	Book value adjusted with market risk	The higher the market risk, the lower the fair value
Fair value through FVOCI						
Fund investments	**48,036**	-	3	Adjusted book value	Book value adjusted with market risk	The higher the market risk, the lower the fair value
Equity investments	**-**	-	3	NAV	NAV	The higher the NAV, the higher the fair value

(Currency - Thousands of U.A.E. Dirhams)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Movements in level 3 financial assets measured at fair value
During the period, there were no transfers between levels 1 and level 3.

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets which are recorded at fair value:

	1 January to 30 September 2019 (9 months) Unaudited							
	Balance at 1 January 2019	***Acquired on business combination***	***Additions***	***Disposal***	***Gain/(loss) through P&L***	***Gain/(loss) through OCI***	***Transfers from/(to) levels 1 & 2***	***Balance at 30 September 2019***
Other investments								
Held at FVTPL	**1,148,916**	**(695,617)**	**483,706**	**(502,826)**	**(46,216)**	**-**	**-**	**387,963**
Held at FVOCI	**-**	**48,069**	**-**	**-**	**-**	**(33)**	**-**	**48,036**
	1,148,916	**(647,548)**	**483,706**	**(502,826)**	**(46,216)**	**(33)**	**-**	**435,999**

	1 January to 30 September 2018 (9 months) Unaudited							
	Balance at 1 January 2018	*Acquired on business combination*	*Additions*	*Disposal*	*Gain/(loss) through P&L*	*Gain/(loss) through OCI*	*Transfers from/(to) levels 1 & 2*	*Balance at 30 September 2018*
Other investments								
Held at FVTPL	522,168	-	34,321	(37,590)	109,010	-	256,430	884,339
	522,168	-	34,321	(37,590)	109,010	-	256,430	884,339

Gains and losses on level 3 financial assets included in the interim condensed consolidated statement of profit or loss for the period are detailed as follows:

	1 January to 30 September 2019 (9 months) Unaudited	*1 January to 30 September 2018 (9 months) Unaudited*
Unrealised (losses)/gains	**(46,216)**	109,010

Impact on fair value of level 3 financial assets measured at fair value of changes to key assumptions

The following table shows the impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions by class of instrument:

	30 September 2019 Unaudited		*30 September 2018 Unaudited*	
	Carrying amount	***Effect of reasonably possible alternative assumptions***	*Carrying amount*	*Effect of reasonably possible alternative assumptions*
Other investments				
Held at fair value through profit or loss	**387,963**	**22,301**	884,339	44,217
Held at fair value through OCI	**48,036**	**575**	-	-
	435,999	**22,876**	884,339	44,217

In order to determine reasonably possible alternative assumptions, the Group adjusted key unobservable models inputs as follows:

- For debt securities, the Group adjusted the probability of default and loss given default assumptions by increasing and decreasing the fair value of the instrument by 25%.
- For fund and equity investments, the Group adjusted the liquidity discount rate assumptions used in the valuation model within a range of reasonably possible alternatives. The extent of the adjustment varied according to the characteristics of each investment.

(Currency - Thousands of U.A.E. Dirhams)

28. SEGMENTAL INFORMATION

For management purpose the Group is organized into three operating segments, all of which are based on business units:

Asset Management and Investment Solutions manage real estate funds and projects, investment portfolios and funds in the regional equities, fixed income and credit markets. It also provides investment solutions to clients with a focus on alternative investment strategies.

Investment banking provides corporate finance advisory, transaction services, private placement, public offerings of equity and debt securities and structured products. It also creates market liquidity on OTC fixed income products.

Corporate manages principal investments, non-core assets, corporate developments, treasury and other shared services related to the Group.

	1 January to 30 September 2019 (Unaudited)			
	Asset Management & Investment Solutions	**Investment Banking**	**Corporate**	**Total**
Net fee and commission income	47,237	798	5,805	53,840
Advisory income	5,397	15,710	495	21,602
Net interest income/(expense)	(23)	254	5,270	5,501
Trading income	-	1,940	-	1,940
Carried interest income	20,554	-	-	20,554
Other operating income	12,551	-	4,112	16,663
Total revenues	**85,716**	**18,702**	**15,682**	**120,100**
Staff costs	(22,482)	(1,658)	(14,521)	(38,661)
Employee carried interest	(8,222)	-	-	(8,222)
General and administrative expenses	(10,116)	(1,112)	(9,015)	(20,243)
Provision for impairment losses on financial instruments	(1,098)	(15)	(6,624)	(7,737)
Other operating expenses	(29,651)	(265)	(8,841)	(38,757)
Total expenses	**(71,569)**	**(3,050)**	**(39,001)**	**(113,620)**
Profit/(loss) before other income and finance cost	**14,147**	**15,652**	**(23,319)**	**6,480**
Fair value losses from investments	(24,871)	(267)	(82,714)	(107,852)
Share of profit from investment in associates	-	-	2,409	2,409
Finance cost	(12,284)	-	(52,207)	(64,491)
Finance credit relating to unit holders	-	-	80,124	80,124
Other income/(expenses)	71,878	-	(18,440)	53,438
Profit/(loss) for the period from continuing operations	**48,870**	**15,385**	**(94,147)**	**(29,892)**
Profit for the period from discontinued operations			**1,710**	**1,710**
(Loss)/profit for the period attributable to NCI	**(2,277)**	**-**	**2,602**	**325**
Profit/(loss) for the period attributable to Owners	**46,593**	**15,385**	**(89,835)**	**(27,857)**

	As at 30 September 2019 (Unaudited)			
	Asset Management & Investment Solutions	**Investment Banking**	**Corporate**	**Total**
Assets	**1,030,119**	**340,045**	**4,430,574**	**5,800,738**
Liabilities	**494,056**	**98,574**	**3,454,877**	**4,047,507**

Comparatives have not been provided as previously the Group only had 1 operating segment, i.e. ‘Asset Management’. Furthermore, the results of the discontinued operations and assets/liabilities pertaining to the disposal group classified as held for sale are included in the ‘Corporate’ operating segment (Note 33).

(Currency - Thousands of U.A.E. Dirhams)

29. MATURITY PROFILE

The maturity profile of assets and liabilities as of 30 September 2019, determined on the basis of the remaining contractual maturity is as follows. Where assets have no contractual maturity date, the management has made an estimate of the maturity date based on the liquidity of the asset and their intention.

	Less than 3 Months	*3-12 Months*	*1-5 years*	*More than 5 years*	*Grand total*
Cash and deposits with banks	249,319	1,267	41,898	5,368	**297,852**
Receivables and other debit balances	64,767	111,548	8,514	-	**184,829**
Loans, advances and finance leases	105,437	191,149	237,580	-	**534,166**
Inventories	23,551	-	-	-	**23,551**
Financial assets at fair value through profit or loss (FVTPL)	1,143,915	595,794	788,074	103,445	**2,631,228**
Financial assets at fair value through other comprehensive income (FVTOCI)	26	47,220	92,381	2,874	**142,501**
Investments in associates	-	92,532	333,003	-	**425,535**
Property and equipment	-	-	-	85,874	**85,874**
Goodwill and other intangible assets	-	-	-	1,162,575	**1,162,575**
Assets of disposal groups classified as held for sale	312,627	-	-	-	**312,627**
Total Assets	**1,899,642**	**1,039,510**	**1,501,450**	**1,360,136**	**5,800,738**
Borrowings	992,870	632,141	612,582	-	**2,237,593**
Payables and other credit balances	380,435	170,263	98,513	2,002	**651,213**
Other financial liabilities	177,442	-	36,829	-	**214,271**
Payables to unit holders	-	-	704,667	-	**704,667**
Liabilities included in disposal groups classified as held for sale	239,763	-	-	-	**239,763**
Equity	-	-	-	1,753,231	**1,753,231**
Total Liabilities and Equity	**1,790,510**	**802,404**	**1,452,591**	**1,755,233**	**5,800,738**
Net liquidity gap	**109,132**	**237,106**	**48,859**	**(395,097)**	**-**
Cumulative liquidity gap – 30 September 2019 (Unaudited)	**109,132**	**346,238**	**395,097**	**-**	
Cumulative liquidity gap – 31 December 2018	23,070	102,678	229,500	-	

30. COMMITMENTS AND CONTINGENT LIABILITIES

	30 September 2019 Unaudited	*31 December 2018 Audited*
Contingent liabilities		
Performance guarantees	**8,960**	-
Others	**16,627**	-
	25,587	-

31. CLIENTS' FUNDS UNDER MANAGEMENT

A subsidiary of the Group is licensed as a financial services company regulated by the Central Bank of the United Arab Emirates. As at 30 September 2019, clients' assets amounting to AED 7.4 billion (31 December 2018: AED 5.2 billion) were managed in a fiduciary capacity, without risk or recourse to the Group. These funds are off balance sheet items and do not constitute part of the Group's assets.

(Currency - Thousands of U.A.E. Dirhams)

32. BUSINESS COMBINATION

Details of subsidiaries acquired by the Group during the period are as follows:

Subsidiaries acquired	SHUAA Capital Group	*Spadille Group	*Squadron Group	*QIL Group	*Goldilocks Investment Company Limited
Effective date of acquisition	31 July 2019	31 July 2019	31 July 2019	31 July 2019	31 July 2019
Principal Activity	Financial Services	Development Management	Property Management	Investment Holding	Investment Holding
Effective ownership interest (%)	100%	85%	33%	74%	36.52%
Purchase consideration	1,065,000	528,399	112,141	123,067	440,084
NCI/Payables to unit holders	102,267	44,366	227,681	38,698	784,788
	1,167,267	572,765	339,822	161,765	1,224,872
Fair value of Net Assets acquired (**)	(623,410)	(342,138)	(10,450)	(155,702)	(1,213,925)
Goodwill and other intangibles on acquisition (Unaudited)	**543,857**	**230,627**	**329,372**	**6,063**	**10,947**

(*) The above subsidiaries were consolidated due to cessation of investment entity status of ADFG.
The above subsidiaries were consolidated using provisional values allocated by the management to their respective identifiable assets and liabilities based on currently available data as at the acquisition date. The initial accounting for business combination is incomplete as at the end of the reporting period.

(Currency - Thousands of U.A.E. Dirhams)

33. DISCONTINUED OPERATIONS

The Group decided that it will exit its non-core businesses engaged in brokerage and market making activities, comprising of SHUAA Securities LLC and SHUAA Capital International Limited. It started an active search for a buyer. The assets and liabilities of the two entities were classified as held for sale. Since the brokerage business also constituted a separate major line of business, the 2 entities were classified as discontinued operations. As a result, the financial results and cash flows of the two entities have been disclosed as discontinued operations in the statement of profit or loss and statement of cash flows respectively.

Details of the assets, liabilities, financial results and the cash flows of the discontinued operations are provided below:

33.1 Assets of a disposal group classified as held for sale	***30 September 2019 Unaudited***	*31 December 2018 Audited*
Cash and deposits with banks	**240,578**	-
Receivables and other debit balances	**13,834**	-
Loans, advances and finance leases	**49,099**	-
Financial assets at fair value through profit or loss (FVTPL)	**7,676**	-
Property and equipment	**1,440**	-
	312,627	-

33.2 Liabilities associated with disposal group classified as held for sale	***30 September 2019 Unaudited***	*31 December 2018 Audited*
Borrowings	**13,822**	-
Payables and other credit balances	**225,941**	-
	239,763	-

33.3 Profit/(loss) from discontinued operations	***30 September 2019 Unaudited***	*31 December 2018 Audited*
Total operating income	**4,231**	-
Total operating expenses	**(2,521)**	-
Profit/(loss) for the period from discontinued operations	**1,710**	-

33.4 Cash flows from discontinued operations	***30 September 2019 Unaudited***	*31 December 2018 Audited*
Cash flows from operating activities	**(211,205)**	-
Cash flows from investing activities	**1,217**	-
Cash flows from financing activities	**(4,960)**	-
Net cash flow from discontinued operations	**(214,948)**	-

34. SUBSEQUENT EVENTS

The Group disposed SHUAA Securities LLC and an associate subsequent to the reporting period.