

**BHM CAPITAL FINANCIAL SERVICES PSC**

**DIRECTORS' REPORT  
AND  
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2024

**BHM CAPITAL FINANCIAL SERVICES PSC**

**CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 December 2024

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Dear Shareholders,

On behalf of the Board of Directors, I am delighted to present this report along with the audited consolidated financial statements of BHM Capital Financial Services PSC for the year ended 31 December 2024.

The year 2024 was exceptionally successful, marked by significant operational advancements and financial growth. We achieved a profit of AED 37.4 million, up from AED 31.5 million in 2023.

Throughout the year, the Group successfully maintained its financial growth despite the geopolitical challenges and escalating tensions in the Middle East. The management's resilience and proactive approach allowed the Group to stay on its previous track record of success, showcasing their capability to thrive even in the most adverse environments.

Signed on behalf of the Board



Abdel Hadi Al Sadi  
CEO

Date: 20 March 2025



## Independent Auditor's Report To the Shareholders of BHM Capital Financial Services PSC Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of BHM Capital Financial Services PSC and its subsidiary ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB).

### Basis for Opinion

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

### Key Audit Matters

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





## Independent Auditor’s Report

To the Shareholders of BHM Capital Financial Services PSC

Report on the Audit of the Consolidated Financial Statements (continued)

### Key Audit Matters (continued)

Description of key audit matters	How the matter was addressed in our audit
<b>Valuation of Goodwill</b>	
<p>As disclosed in Note 3 to the consolidated financial statements, the Group had recognized goodwill amounting to AED 38,379,061 in 2016 as a result of a merger, which continues to be recorded at the same amount at 31 December 2024.</p> <p>The annual impairment testing of goodwill is considered to be a key audit matter due to the judgements involved in forecasting and discounting future cash flows to determine the recoverable amount of the asset.</p> <p>The recoverable amount is modelled using several key assumptions, including estimated trade volumes and prices, operating cost, terminal growth rates and forecasted profit or loss (discount rate).</p>	<p>We have performed the following audit procedures on the valuation of Goodwill included in the Group's consolidated statement of financial position as at 31 December 2024:</p> <ul style="list-style-type: none"> <li>➤ Evaluated the appropriateness of assumptions applied to key inputs such as revenue, operating cost, discount rate and growth rates, which included comparing these inputs with externally derived data as well as our own assessments based on our knowledge of the client and industry;</li> <li>➤ Performed sensitivity analysis, which included the assessment of the effect of reasonable possible reductions in growth rates and forecast cash flows to evaluate the impact; and</li> <li>➤ Evaluated the adequacy of the consolidated financial statements disclosures, including disclosures of key assumptions, judgments and sensitivities.</li> </ul>

### Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified audit opinion on these consolidated financial statements on 7 February 2024.

### Other Information

The Board of Directors of the Group is responsible for the other information. The other information comprises the Directors’ report but does not include the consolidated financial statements and our auditor’s report thereon. We obtained the Directors’ report prior to the date of our auditor’s report.

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

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

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



## **Independent Auditor's Report To the Shareholders of BHM Capital Financial Services PSC Report on the Audit of the Consolidated Financial Statements (continued)**

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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





## Independent Auditor's Report

To the Shareholders of BHM Capital Financial Services PSC

Report on the Audit of the Consolidated Financial Statements (continued)

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

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

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

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

### Report On Other Legal And Regulatory Requirements

Furthermore, as required by the UAE Federal Law No. 32 of 2021, we report that:

- i) We have obtained all the information we considered necessary for the purposes of our audit;
- ii) The consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. 32 of 2021;
- iii) The Group has maintained proper books of account in accordance with established accounting principles;
- iv) The financial information included in the Directors' report is consistent with the books of account of the Group;
- v) Note 6 to the consolidated financial statements discloses the Group's purchases or investments in shares during the year ended 31 December 2024;
- vi) Note 8 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;
- vii) The Group has not made any social contribution during the financial year ended 31 December 2024; and
- viii) Based on the information that has been made available to us, nothing has come to our attention that causes us to believe that the Group has contravened during the financial year ended 31 December 2024 any of the applicable provisions of the UAE Federal Law No. 32 of 2021 or of its Memorandum of Association which would materially affect its activities or its consolidated financial position as at 31 December 2024.

**GRANT THORNTON UAE**

*GRANT THORNTON*

Dr Osama El Bakry  
Registration No. 935  
Dubai, United Arab Emirates




20 March 2025


**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2024

	Notes	2024 AED	2023 AED
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill and other intangible assets	3	40,642,463	40,934,650
Property and equipment	4	6,938,314	8,031,528
Right-of-use asset	5(a)	521,190	793,115
Financial assets through other comprehensive income	6	-	-
<b>Total non-current assets</b>		<u>48,101,967</u>	<u>49,759,293</u>
<b>CURRENT ASSETS</b>			
Short term deposit under lien		32,133,524	68,101,000
Trade and other receivables	7	774,826,535	750,532,623
Financial assets through profit and loss	6	101,480,071	2,848,738
Cash and bank balances	9	247,797,429	349,365,124
<b>Total current assets</b>		<u>1,156,237,559</u>	<u>1,170,847,485</u>
<b>Total assets</b>		<u>1,204,339,526</u>	<u>1,220,606,778</u>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Share capital	10	173,431,068	173,431,068
Treasury shares	10(a)	-	(12,980,210)
Legal reserve	10(b)	14,804,882	11,057,003
Fair value reserve	6	(8,824,239)	(8,824,239)
Retained earnings		84,028,540	63,738,527
<b>Total equity</b>		<u>263,440,251</u>	<u>226,422,149</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings – non-current portion	11	1,374,507	2,091,642
Employees' end of service benefits	12	6,528,885	4,433,875
Lease liability – non-current portion	5(b)	171,992	453,062
<b>Total non-current liabilities</b>		<u>8,075,384</u>	<u>6,978,579</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	544,045,747	644,580,683
Bank borrowings – current portion	11	384,827,059	342,417,136
Corporate tax	19	3,670,015	-
Lease liability – current portion	5(b)	281,070	208,231
<b>Total current liabilities</b>		<u>932,823,891</u>	<u>987,206,050</u>
<b>Total equity and liabilities</b>		<u>1,204,339,526</u>	<u>1,220,606,778</u>

The consolidated financial statements were authorized and approved for issue by the Board of Directors on 20 March 2025 and signed on their behalf by:

  
\_\_\_\_\_  
Shaikh Dr. Ammar Nasser Ahmad Nasser Al Mualla  
Chairman

  
\_\_\_\_\_  
Abdel Hadi AL Sadi  
CEO

The attached notes 1 to 23 form an integral part of these Consolidated Financial Statements

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For The Year ended 31 December 2024

	<i>Notes</i>	<i>2024</i> <i>AED</i>	<i>2023</i> <i>AED</i>
<b>INCOME</b>			
Income from margin trading		85,632,619	46,283,366
Commission and advisory income	15	55,841,494	77,487,532
Finance income		6,689,344	274,479
Other income	16	<u>14,470,346</u>	<u>12,682,022</u>
		<u>162,633,803</u>	<u>136,727,399</u>
<b>EXPENSES</b>			
General and administrative expenses	17	(88,664,566)	(93,039,113)
Reversals allowance for receivables	7	1,913,268	1,710,877
Financial charges		<u>(34,733,691)</u>	<u>(10,054,705)</u>
		<u>(121,484,989)</u>	<u>(101,382,941)</u>
<b>PROFIT BEFORE TAX</b>		<u>41,148,814</u>	<u>35,344,458</u>
Corporate tax	19	<u>(3,670,015)</u>	<u>-</u>
<b>PROFIT FOR THE YEAR</b>		<u><u>37,478,799</u></u>	<u><u>35,344,458</u></u>
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Other comprehensive loss		<u>-</u>	<u>(3,806,484)</u>
Net other comprehensive loss not to be reclassified subsequently to profit or loss		<u>-</u>	<u>(3,806,484)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>37,478,799</u></u>	<u><u>31,537,974</u></u>
<b>Basic and diluted profit/earnings per share (AED per share)</b>	18	<u>0.219</u>	<u>0.221</u>

The attached notes 1 to 23 form an integral part of these Consolidated Financial Statements.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the Year ended 31 December 2024

	Share capital AED Note 10	Treasury shares AED Note 10(a)	Legal reserve AED Note 10(b)	Fair value reserve AED	Retained earnings AED	Total AED
Balance at 1 January 2023	173,431,068	(14,650,274)	7,522,557	(5,017,755)	31,928,515	193,214,111
<u>Comprehensive income</u>						
Profit for the year	-	-	-	-	35,344,458	35,344,458
<i>Other comprehensive income for the year</i>						
Change in investment at fair value through other comprehensive income	-	-	-	(3,806,484)	-	(3,806,484)
Total comprehensive income for the year	-	-	-	(3,806,484)	35,344,458	31,537,974
<u>Transactions with owners:</u>						
Acquisition of treasury shares	-	(4,358,013)	-	-	-	(4,358,013)
Disposal of treasury shares	-	6,028,077	-	-	-	6,028,077
Transfer to legal reserve	-	-	3,534,446	-	(3,534,446)	-
Balance at 31 December 2023	173,431,068	(12,980,210)	11,057,003	(8,824,239)	63,738,527	226,422,149
Balance at 1 January 2024	173,431,068	(12,980,210)	11,057,003	(8,824,239)	63,738,527	226,422,149
<u>Comprehensive income</u>						
Profit for the year	-	-	-	-	37,478,799	37,478,799
<i>Other comprehensive income for the year</i>						
Change in investment at fair value through other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	37,478,799	37,478,799
<u>Transactions with owners:</u>						
Distribution of dividend	-	-	-	-	(13,440,907)	(13,440,907)
Disposal of treasury shares	-	12,980,210	-	-	-	12,980,210
Transfer to legal reserve	-	-	3,747,879	-	(3,747,879)	-
Balance at 31 December 2024	173,431,068	-	14,804,882	(8,824,239)	84,028,540	263,440,251

Balances in (brackets) indicate debit amounts

The attached notes 1 to 23 form an integral part of these Consolidated Financial Statements.



**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year ended 31 December 2024

	Notes	2024 AED	2023 AED
<b>OPERATING ACTIVITIES</b>			
Profit for the year before tax		41,148,814	35,344,458
<u>Adjustments for:</u>			
Depreciation	17	1,573,260	2,024,264
Depreciation on right-of-use asset	17	271,925	22,660
Amortization of intangible assets	17	811,667	793,611
Interest expense on lease liability	5(b)	134,019	12,967
Unrealised gain on investments	6	962,729	243,432
Interest on bank borrowings		33,118,780	9,224,926
Interest income on deposits		(6,689,344)	(274,479)
Exchange (gain) or loss	16	(1,696,203)	(4,282,191)
Reversal of provision	7.2	(1,913,268)	(1,710,877)
Provision for employees' end of service benefits	12	2,111,733	1,296,260
Tax payments	19	(3,670,015)	-
Operating profit before working capital changes		66,164,097	42,695,031
Change in short term deposit under lien		35,967,476	(50,000,000)
Change in trade and other receivables		(22,380,644)	(435,410,518)
Change in trade and other payables		(33,389,119)	144,082,724
Gross cash flow generated from / (used in) operating activities		46,361,810	(298,632,763)
Less: employees' end of service benefits paid	12	(16,723)	(262,656)
Net cash flow generated from / (used in) operating activities		46,345,087	(298,895,419)
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment	4	(480,046)	(901,467)
Purchase of goodwill and other intangible assets	3	(519,480)	(189,200)
(Purchase) / disposals of financial assets through profit and loss	6	(99,594,062)	8,900,666
Interest received on deposits		6,689,344	274,479
Net cash flow (used in) / generated from investing activities		(93,904,244)	8,084,478
<b>FINANCING ACTIVITIES</b>			
Repayment of bank borrowings		(717,135)	(717,136)
Interest paid on bank borrowings		(33,118,780)	(9,224,926)
Purchase of treasury shares		-	(4,358,013)
Disposal of treasury shares		12,980,210	6,028,077
(Repayment) / addition of Bank facility		(20,000,953)	305,000,000
Distribution of dividend		(13,440,907)	-
Additions of short-term loan		62,410,876	-
Repayment of lease liability	5(b)	(342,250)	(167,449)
Net cash flow generated from financing activities		7,771,061	296,560,553

The attached notes 1 to 23 form an integral part of these Consolidated Financial Statements

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS** *(continued)*

For the Year ended 31 December 2024

		2024 AED	2023 AED
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Exchange gain		(39,788,096)	5,749,612
Net (decrease) / increase in cash and cash equivalents after exchange gain	16	1,696,203	4,282,191
		<hr/>	<hr/>
Cash and cash equivalents at 1 January		(38,091,893)	10,031,803
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER</b>		<b>38,571,158</b>	<b>28,539,355</b>
		<hr/>	<hr/>
<u>Represented by:</u>		<u>479,265</u>	<u>38,571,158</u>
Cash and bank balances		247,797,429	349,365,124
Customers' deposits		<u>(247,318,164)</u>	<u>(310,793,966)</u>
<b>Cash and cash equivalents at the end of year</b>	<b>9</b>	<b><u>479,265</u></b>	<b><u>38,571,158</u></b>

The attached notes 1 to 23 form an integral part of the Consolidated Financial Statements.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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For the Year ended 31 December 2024

## **1 LEGAL STATUS AND PRINCIPAL ACTIVITIES**

BHM Capital Financial Services PSC (Previously known as "Al Safwa Islamic Financial Services") ("the Company") was incorporated on 11 March 2006 in accordance with the provisions of UAE Federal Law No.25 of 2001 superseded by Federal Law No. (32) of 2021 ("Commercial Companies Law").

The consolidated financial statements comprise the financial results and financial position of the Company and its wholly owned subsidiary, Al Safwa Capital LLC (collectively referred to as the "Group"). The Subsidiary was established on 14 July 2009 by subscribing to 10,000,000 shares of AED 1 each representing 100% equity shares in Al Safwa Capital LLC (the "subsidiary") incorporated in the Emirates of Sharjah. The principal activity of the subsidiary is to hold investment properties and investment securities.

As further explained in Note 3, on 8 December 2016, the operations of Mubasher Financial Services LLC ("MFS") merged with Al Safwa Islamic Financial Services and the combined entity was renamed as Al Safwa Mubasher Financial Services PrJSC. Al Safwa was listed on the Dubai Financial Market ("DFM") as a Private Joint Stock Company (PrJSC). The Company in the year 2021 changed its name to read as BHM Capital Financial Services PSC.

On 26 August 2024, the shareholders of the Group approved the acquisition of Al Waqan Capital Investment LLC through a Special Resolution in their General Assembly meeting. This acquisition involves purchasing 100% of the equity interest in Al Waqan Capital Investment LLC by increasing the capital through the issuance of new shares in the Group to the shareholders of Al Waqan Capital Investment LLC in exchange for in-kind shares of Al Waqan Capital Investment LLC.

The terms of the agreement have been agreed and approved but as the regulatory approvals are yet to be received, the transaction has not completed as of 31 December 2024. Once the necessary approvals have been obtained, Al Waqan Capital Investment LLC will become a wholly owned subsidiary, and consolidated results will be presented in the financial statements.

The principal activity of the Company is to act as an intermediary in dealings in shares, stocks, debentures and other securities including margin trading.

The registered office of the Company is P.O. Box 26730, Dubai, United Arab Emirates.

The consolidated financial statements have been approved by Board of Directors on 20 March 2025.

## **2 MATERIAL ACCOUNTING POLICIES**

### **2.1 BASIS OF PREPARATION**

#### **Statement of compliance**

The consolidated financial statements have been prepared on going concern basis and in accordance with IFRS Accounting Standards as issued by International Accounting Standards Board (IASB) and the requirements of the local laws and regulations.

#### **Accounting convention**

The consolidated financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### **Functional and presentation currency**

The consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Arab Emirates Dirham (AED), which is the Group's functional currency.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES *(continued)***

**2.1 BASIS OF PREPARATION *(continued)***

**Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and entity controlled by the Company (its subsidiary) as at 31 December 2024 & 31 December 2023 for comparative. Control is achieved where all the following criteria are met:

- a) The Company has power over an entity;
- b) The Company has exposure, or rights, to variable returns from its involvement with the entity; and
- c) The Company has the ability to use its power over the entity to affect the amount of the Company's returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Share of comprehensive income/loss within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognize s the assets (including goodwill) and liabilities of the subsidiary;
- Derecognize s the carrying amount of any non-controlling interest;
- Derecognize s the cumulative translation differences recorded in equity;
- Recognize s the fair value of the consideration received;
- Recognize s the fair value of any investment retained;
- Recognize s any surplus or deficit in profit and loss;
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.2 Changes in accounting policies and disclosures**

**a) New or revised Standards or Interpretations**

**i) New Standards adapted as at 1 January 2024**

The Standards and amendments that are effective for the first time in 2024 and could be applicable to the Group are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Non-current Liabilities with Covenants (Amendments to IAS 1)

These amendments do not have an impact on these Consolidated Financial Statements and therefore the disclosures have not been made.

**ii) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Group:**

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Lack of Exchangeability (Amendments to IAS 21)
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

As at the of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Group at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

**2.3 Summary of material accounting policies**

A summary of the significant accounting policies, which have been applied consistently in the preparation of these financial statements, is set out below.

**Current versus non-current classification**

The Group presents assets and liabilities in statement of financial position based on current / non-current classification. An asset is classified as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.3 Summary of material accounting policies** *(continued)*

**Current versus non-current classification** *(continued)*

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or  
There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current

**Property and equipment and depreciation**

Property and equipment are initially recorded at cost. Cost includes the purchase price and related expenses. Subsequent to initial recognition as an asset, each asset is carried at cost less accumulated depreciation less any impairment losses.

Depreciation is provided on all property and equipment, at rates calculated to write off the cost, less estimated recoverable value based on prices prevailing at the date of acquisition of each asset, over its expected useful life.

Expected future cash flows are not discounted to their present values in determining the recoverable amount of items of fixed assets. The estimated useful lives of the fixed assets are estimated as follows:

	<b>Years</b>
Furniture and fixtures	8
Computer equipment and related software	4
Machinery and Equipment	4
Office Improvement	6-7
Vehicle	5
Office premises	15 – 33

**Intangible assets**

*Goodwill*

Goodwill that arises on business combination is presented with intangible assets. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

*Other intangible assets*

Accounting policies for initial recognition and subsequent measurement of separately acquired intangible assets which comprise of customer relationship and software.

*Amortization*

Customer relationships and software are amortized over their estimated useful life of 10 years and 3 years respectively.

Goodwill is not amortized.



BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.3 Summary of material accounting policies** *(continued)*

**Financial instruments**

**Classification of financial assets**

*Initial recognition*

On initial recognition, a financial asset is classified as measured at (i) amortized cost, (ii) Fair Value through Other Comprehensive Income (FVOCI) or (iii) Fair Value through Profit or Loss (FVTPL).

a) *Financial assets measured at amortized cost:*

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

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

For the year ended on 31 December 2024 and 31 December 2023 for comparative, the Group's financial assets at amortized cost include trade receivables, other receivables, deposits, short term deposit under lien and cash and bank balances.

b) *Financial assets measured at FVOCI:*

- *Debt Instruments:* Debt Instruments may be classified as at FVOCI, where contractual cash flows are solely for payments of principal and interest on the outstanding principal, and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling the underlying financial assets.
- *Equity Instruments:* In case of equity instruments which are not held for trading or designated at FVTPL, the Group may irrevocably elect to recognize subsequent changes in other comprehensive income. This election is made on an investment-by-investment basis.

For the year ended on 31 December 2024 and 31 December 2023 for comparative, there are no investments carried through FVOCI.

c) *Financial assets measured at FVTPL:*

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as FVTPL, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All other financial assets are classified as measured at FVTPL.

For the year ended on 31 December 2024 & 31 December 2023 for comparative, the Group carries trading investments in quoted & unquoted shares which are to be classified as measured at FVTPL.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES *(continued)***

**2.3 Summary of material accounting policies *(continued)***

**Financial instruments *(continued)***

**Classification of financial assets *(continued)***

*Business model assessment*

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

- the frequency, volume and timing of trades of financial assets in prior years, the reasons for such trades and their expectations about the future trading activity. However, information about trading activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realized.
- how the performance of the portfolio is evaluated and reported to the management; and
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

Financial assets that are held for trading and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows, nor held both to collect contractual cash flows and to sell financial assets.

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

For the purposes of this assessment, 'principal' is defined as fair value of financial asset on initial recognition. 'interest' is defined as consideration for the time value of money and for the credit risk associated with the outstanding principal.

In assessing whether the contractual cash flows are solely payments of principal and interest on the outstanding principal, the Group considers the contractual terms of the instruments. This includes assessing whether the financial assets contain a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

*Reclassification of financial assets:*

Financial assets are not reclassified after their initial recognition, except in the year after the Group changes its business model for managing such financial assets.

*Derecognition of financial assets:*

Any cumulative gain/loss recognized in the statement of other comprehensive income in respect of equity instruments designated as FVOCI is reclassified to retained earnings upon derecognition.

**Impairment of financial assets**

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

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

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

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.3 Summary of material accounting policies** *(continued)*

**Financial instruments** *(continued)*

*Measurement of ECL*

The Company recognizes loss allowances for expected credit losses (ECLs) on the following financial instruments that are not measured at FVPL:

- Cash at bank; and
- Receivables.

No impairment loss is recognized on equity investments.

*Credit-impaired financial assets*

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

*Presentation of allowance for ECL in the statement of financial position*

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets; and
- for financial guarantees' contracts: generally, as a provision

**Financial liabilities**

*Initial recognition*

Financial liabilities are classified, at initial recognition (i) at amortized cost or (ii) at FVTPL, or (iii) as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value, net of directly attributable transaction costs, wherever applicable.

*Measurement of financial liabilities:*

The measurement of financial liabilities depends on their classification, as described below:

a) *Financial liabilities at FVTPL:*

Financial liabilities at FVTPL including financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL, shall be measured at fair value.

For the year ended on 31 December 2024 & 31 December 2023 for comparative, the Group has not designated any financial liability as at FVTPL.

b) *Other financial liabilities:*

After initial recognition, these are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by considering any discount or premium on acquisitions and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

For the year ended on 31 December 2024 & 31 December 2023 for comparative, the Group's trade and other payables, bank borrowing and short-term loan were designated under this category of financial liability.

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.3 Summary of material accounting policies** *(continued)*

**Financial liabilities** *(continued)*

*Derecognition of financial liabilities:*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender with substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

*Offsetting of financial instruments:*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**Trade and other receivables**

Amount due from investors and other receivables are initially recognized at fair value plus any directly attributable transaction cost. After initial recognition, these are measured at amortized cost using the effective interest method, less any impairment losses.

An impairment allowance is calculated using the ECL approach as defined in IFRS 9. The additional information on the calculation of ECL is described above under the heading of financial instruments. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. Bad debts are written off when there is no possibility of recovery.

**Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand, bank balances, net of outstanding bank overdrafts and customer deposit.

**Provisions**

Provisions are recognized when the Group has a legal or constructive obligation arising from a past event and the costs to settle the obligation are both probable and can be reliably measured.

**Employees' end of service benefits**

Provision is made for employees' end of service benefits. Such provision is not less than the amounts payable under the UAE Federal Labor Law and is based on the liability that would arise if the services of all employees were terminated on the reporting date.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.3 Summary of material accounting policies** *(continued)*

**Revenue from contracts with customers**

The Group recognizes revenue from contracts with customers based on a five-step model as set out in 'IFRS 15 – Revenue from Contracts with Customers' as follows:

- Step 1. Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and set out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer to the customer either a good or service (or a bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation

The Group satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes all the benefits provided by the Group's performance as the Company performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions is not met, revenue is recognized at the point in time at which the performance obligation is satisfied.

When the Group satisfies a performance obligation by delivering the promised goods or services it creates a contract asset based on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognized this gives rise to contract liability.

The Group's revenue is derived from brokerage services and company act as an agent, revenue recognized as follows:

*Commission income*

Brokerage commission income is recognized at the point in time when the services have been rendered and when the Group's right to receive the income has been established. The commissions are recognized on net basis, i.e. commission earned from the customer less commission collected & paid on behalf of the exchange. The Group believes this is the most appropriate because it acts as an agent in the transaction rather than a principle.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES *(continued)***

**2.3 Summary of material accounting policies *(continued)***

**Revenue from contracts with customers *(continued)***

*Margin Trading income*

Income from margin trading is recognized on monthly basis, based on the daily exposure of the client. The term of the agreement is decided the clients by signing an agreement with each client.

*Finance income*

Interest income is recognized as interest accrues using the effective interest method. This is the method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant year using the effective interest rate, which is the rate that exactly discounts estimated future cash receipt through the expected life of the financial asset to the net carrying amount of the financial asset.

*Advisory income*

Income from consultancy services is recognized at the point in time when the services have been rendered and when the Group's right to receive the income has been established. Income is recognized at the amount which the Group expected to receive from the customers.

**Other income**

Other income is recognized when it is received or when the right to receive is established. Other income includes below as well.

*Asset management and liquidity provider fees*

Revenue from asset management and liquidity provider services are recognized over time as the services are provided. Income from asset management and as liquidity provider is recognized as revenue over the period for which a customer is expected to continue receiving asset management services.

**Foreign currencies**

The functional and reporting currency of the Group is the Arab Emirates Dirhams (AED). Transactions denominated in foreign currencies are translated into (AED) and recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into AED at the exchange rates ruling at the reporting date. Realized and unrealized foreign exchange gains and losses arising on translation are recognized in the profit or loss.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the year.

**2.4 Significant accounting judgements, estimates and assumptions**

In preparing its consolidated financial statements in conformity with International Financial Reporting Standards, the Group has to make significant judgment, estimates and assumptions that impact the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group periodically monitors such estimates and assumptions to make sure they incorporate all relevant information available at the date when consolidated financial statements are prepared. However, this does not prevent actual figures from differing from estimates.

Key judgment, estimates and assumptions are subject to management approval. At the statement of financial position date, management has mainly made the following key judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements:



BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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For the Year ended 31 December 2024

**2 MATERIAL ACCOUNTING POLICIES** *(continued)*

**2.4 Significant accounting judgements, estimates and assumptions** *(continued)*

- *Impairment of Goodwill*

The impairment test on goodwill is carried out by comparing the carrying amount of goodwill balance and the recoverable amount. The recoverable amount of the business is based on the value in use ("VIU"). This valuation process used to determine the value in use includes the use of methods such as the discounted cash flows method which uses assumptions to estimate cash flows. The VIU depends on the discount rate used in the discounted cash flows model as well as the expected future cash flows.

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

- *Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

- *Lease term*

The lease term is a relevant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date.

Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

**3 GOODWILL AND OTHER INTANGIBLE ASSETS**

Pursuant to a merger agreement between Al Safwa and MFS and shareholder resolutions of respective entities dated 21 January 2016,

Ministerial Resolution number (499)/2016 issued by Ministry of Economy on 19 September 2016, and Emirates Securities and Commodities Authority ("ESCA") approval dated 11 October 2016 approving the merger, the Company commenced operations and traded as a combined entity under the revised name of Al Safwa Mubasher Financial Services PSC with effect from 8 December 2016, on completion of the formalities of the UAE exchanges. The company in the year 2021 changed its name to read as BHM Capital Financial Services PSC. As a result of the merger goodwill and client relationship arose, goodwill is tested annually for the impairment and client relationship is being amortized over its useful life.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**3 GOODWILL AND OTHER INTANGIBLE ASSETS (continued)**

The movement in goodwill and other intangible assets during the year is as follows:

	<i>Goodwill</i> AED	<i>Client relationships</i> AED	<i>Software</i> AED	<i>Capital WIP</i> AED	<i>Total</i> AED
<u>Cost:</u>					
As at 1 January 2023	38,379,061	7,900,000	32,715	-	46,311,776
Addition during the year	-	-	65,000	124,200	189,200
As at 31 December 2023	38,379,061	7,900,000	97,715	124,200	46,500,976
Addition during the year	-	-	-	519,480	519,480
As at 31 December 2024	38,379,061	7,900,000	97,715	643,680	47,020,456
<u>Amortization:</u>					
As at 1 January 2023	-	4,740,000	32,715	-	4,772,715
Charge for the year	-	790,000	3,611	-	793,611
As at 31 December 2023	-	5,530,000	36,326	-	5,566,326
Charge for the year	-	790,000	21,667	-	811,667
As at 31 December 2024	-	6,320,000	57,993	-	6,377,993
<u>Net book amounts:</u>					
As at 31 December 2024	38,379,061	1,580,000	39,722	643,680	40,642,463
As at 31 December 2023	38,379,061	2,370,000	61,389	124,200	40,934,650

Goodwill is not impaired during the year and other intangible assets are amortized as disclosed in note 2.3. Capital WIP relates to the new software which are under development.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on 3-year projected period approved by the management.

The following key assumptions were used in the discounted cash flow model for the business:

- 14.0% per annum discount rate (31 December 2023: 14.3%)
- Average 7% per annum projected revenue growth rate (31 December 2023: 12%)  
Average 6% ((31 December 2023: 12%) per annum increase for 2025, 2026 and 2027 in the operating cost and overhead. Management believes the forecasted revenue growth rate is prudent, in the UAE stock markets over the 3 years.

The value in use calculation used is most sensitive to the assumptions used for growth and the discount rate. Accordingly, stress testing has been performed on these key assumptions as part of the impairment test to further inform the consideration of whether any impairment is evident. From the results of this stress testing, it was concluded that no reasonably foreseeable change in the key assumptions would result in the recoverable amount being materially less than the carrying amount of the goodwill balance.

Below are the result of sensitivity on goodwill assumptions:

	2024 AED	2023 AED
Decrease in growth rate by 1%	339,233,107	339,233,107
Increase in discount rate by 1%	319,200,160	319,200,160

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**4 PROPERTY AND EQUIPMENT**

	Furniture & Fixture & AED	Computer equipment AED	Machinery & equipment AED	Office Improvement AED	Vehicle AED	Office Premises AED	Capital WIP AED	Total AED
<b>Cost:</b>								
At 1 January 2023	2,618,870	8,020,424	6,106,848	2,611,951	666,628	21,996,021	-	42,020,742
Additions	50,501	136,692	117,963	491,522	104,789	-	-	901,467
Disposal during the year	-	-	-	-	(79,431)	-	-	(79,431)
At 31 December 2023	2,669,371	8,157,116	6,224,811	3,103,473	691,986	21,996,021	-	42,842,778
Additions	64,352	87,200	35,994	193,500	-	-	99,000	480,046
Disposal during the year	-	-	-	-	-	-	-	-
At 31 December 2024	2,733,723	8,244,316	6,260,805	3,296,973	691,986	21,996,021	99,000	43,322,824
<b>Depreciation:</b>								
At 1 January 2023	2,271,325	7,850,966	5,381,711	2,051,715	264,815	15,045,885	-	32,866,417
Charge for the year	131,362	98,970	658,540	261,143	117,286	756,963	-	2,024,264
Disposal during the year	-	-	-	-	(79,431)	-	-	(79,431)
At 31 December 2023	2,402,687	7,949,936	6,040,251	2,312,858	302,670	15,802,848	-	34,811,250
Charge for the year	137,264	127,057	84,837	342,061	125,078	756,963	-	1,573,260
Disposal during the year	-	-	-	-	-	-	-	-
At 31 December 2024	2,539,951	8,076,993	6,125,088	2,654,919	427,748	16,559,811	-	36,384,510
<b>Net book value:</b>								
At 31 December 2024	193,772	167,323	135,717	642,054	264,238	5,436,210	99,000	6,938,314
At 31 December 2023	266,684	207,180	184,560	790,615	389,316	6,193,173	-	8,031,528

Office premises include office in Dubai which is mortgaged with the facility provided by bank (Note 11).

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year ended 31 December 2024

**5 LEASES**

This note provides information for leases where the Group is a lessee. The Company has only one lease arrangement which is for Abu Dhabi office. Rental contract is for fixed period of three years.

**5(a) RIGHT-OF-USE ASSET**

	2024 AED	2023 AED
<b><u>Cost</u></b>		
Balance at 1 January	815,775	815,775
Additions during the year	-	-
Balance at 31 December	<u>815,775</u>	<u>815,775</u>

	2024 AED	2023 AED
<b><u>Accumulated depreciation</u></b>		
Balance at 1 January	22,660	-
Charge for the year	271,925	22,660
Balance at 31 December	<u>294,585</u>	<u>22,660</u>

<b>Right-of-use Asset – Net book value</b>	<u>521,190</u>	<u>793,115</u>
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**5(b) LEASE LIABILITY**

Balance at 1 January	661,293	815,775
Accretion of interest	134,019	12,967
Repayment of lease liability	(342,250)	(167,449)
Balance at 31 December	<u>453,062</u>	<u>661,293</u>

Disclosed as under:

Non-current liabilities	171,992	453,062
Current liabilities	281,070	208,231
	<u>453,062</u>	<u>661,293</u>

The lease pertains to rented office premises in use by the Group.

**6 FINANCIAL ASSETS**

The Group have the following financial assets:

**FINANCIAL ASSETS THROUGH OTHER COMPREHENSIVE INCOME**

	2024 AED	2023 AED
Investment in private joint stock company	-	-
Investment in quoted shares	-	-
<b>Total financial assets through other comprehensive income</b>	<u>-</u>	<u>-</u>

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the Year ended 31 December 2024

**6 FINANCIAL ASSETS (continued)**

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	<i>Listed AED</i>	<i>Unlisted AED</i>	<i>Total AED</i>
As at 01 January 2023	812,538	2,993,946	3,806,484
Change in fair value	<u>(812,538)</u>	<u>(2,993,946)</u>	<u>(3,806,484)</u>
As at 31 December 2023	-	-	-
Change in fair value	<u>-</u>	<u>-</u>	<u>-</u>
As at 31 December 2024	<u>-</u>	<u>-</u>	<u>-</u>

Investment in securities classified as fair value through other comprehensive income (FVTOCI) represents 2.5% of interest held in National Real Estate Development and Investment SAOC, a private joint stock company incorporated in the Sultanate of Oman and primarily involved in real estate development. The investment was acquired through the business combination.

**FINANCIAL ASSETS THROUGH PROFIT AND LOSS**

	<i>2024 AED</i>	<i>2023 AED</i>
As at 1 January	2,848,738	11,992,836
Additions / (disposals) during the year	99,594,062	(8,900,666)
Fair value change during the year (unrealised)	<u>(962,729)</u>	<u>(243,432)</u>
As at 31 December	<u>101,480,071</u>	<u>2,848,738</u>

Investment in securities classified as fair value through profit and loss (FVTPL) represent a portfolio of investments in the quoted amounting to AED 8,980,071 (2023: AED 2,848,738) and unquoted shares amounting to AED 92,500,000 (2023:AED Nil). These investments are of short-term nature and for trading purposes.

**7 TRADE AND OTHER RECEIVABLES**

	<i>2024 AED</i>	<i>2023 AED</i>
Trade receivables (note 7.1)	658,780,043	578,773,945
Allowances for expected credit losses (note 7.2)	<u>(448,603)</u>	<u>(2,361,871)</u>
	658,331,440	576,412,074
Prepayments	4,341,434	3,488,243
<u>Other receivables:</u>		
Net settlement due from:		
- Dubai Financial Market	-	42,689,086
- Abu Dhabi Securities Exchange	26,363,800	77,646,585
- National Association of Securities Dealers Automated Quotations (NASDAQ)	17,751	584
Deposits	5,526,183	11,651,298
Others	<u>80,245,927</u>	<u>38,644,753</u>
Total trade and other receivables	<u>774,826,535</u>	<u>750,532,623</u>

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**7 TRADE AND OTHER RECEIVABLES (continued)**

Others include mainly balances relate to receivables from liquidity providers.

7.1 The Group has obtained the brokerage license from SCA under registration No.604097 dated 05/08/2006, whereby the Group provides finance to its clients as a percentage of the market value of securities. These securities are considered as collateral and remains under the client's portfolio. The financing agreements are short term and the bearing interest on it. However, if the customer fails to settle within prescribed time, the management can levy interest at its own discretion.

Investors who borrow from the Group will need to provide additional cash or securities if the price of a stock drops against the product's minimum eligibility. In the absence of adequate collateral, the Group is also allowed to liquidate the position. The fair value of securities held as collateral against margin trading receivables as at 31 December 2024 amounts to AED 17 billion (31 December 2023: AED 15 billion).

The Company charges interest to Margin Trading clients based on signed agreements. Interest income during the year amounted to AED 85,632,619 (31 December 2023: AED 46,283,366).

**7.2 Movement in allowance for expected credit losses:**

	2024 AED	2023 AED
At 1 January	2,361,871	4,536,408
Reversal of provision	(1,936,101)	(1,710,877)
Provision during the year	22,833	-
Written off during the year	-	(463,660)
At 31 December	448,603	2,361,871

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

The nature of business of BHM Capital Financial Services PSC is margin lending and is primarily fully collateralised with daily netting-off, the assets monitored closely, and collateral may be liquidated when margins are below threshold or non-payment of commitment.

**8 RELATED PARTY TRANSACTIONS AND BALANCES**

Parties are related if one party can control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include, subsidiary and key management personnel or their close family members.

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

Details of the balances with related parties at the reporting date and the significant transactions with related parties during the year are as follows:

**8(a) Transactions during the year**

	2024 AED	2023 AED
Salary and benefits provided to key management personnel	7,413,172	9,926,420



**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**9 CASH AND BANK BALANCES**

	2024	2023
	<i>AED</i>	<i>AED</i>
Cash and bank		
- Group's deposits	479,265	38,570,920
- Petty cash	-	238
- Customers' deposits (note 9.1)	<u>247,318,164</u>	<u>310,793,966</u>
Cash and bank	<u>247,797,429</u>	<u>349,365,124</u>
Customers' deposits	<u>(247,318,164)</u>	<u>(310,793,966)</u>
Cash and cash equivalents	<u>479,265</u>	<u>38,571,158</u>

**9.1** In accordance with the regulations issued by the Emirates Securities and Commodities Authority ("SCA"), the Company maintains separate bank accounts for money received from its customers ("Restricted Funds") and represent these restricted funds as part of consolidated financial statements under bank and cash balances amounting to AED 247,318,164 (31 December 2023: AED 310,793,966) with the corresponding liability in amount due to customers. The restricted funds are not available to the Group other than to settle transactions executed in trading accounts of the customers.

**10 SHARE CAPITAL**

	2024	2023
	<i>Number of shares</i>	<i>Number of shares</i>
Issued, Authorised and Paid-up Capital	173,431,068	173,431,068
Cancellation of shares	-	-
In issue at 31 December	<u>173,431,068</u>	<u>173,431,068</u>
Total paid in capital (AED)	<u>173,431,068</u>	<u>173,431,068</u>

Capital Adequacy Management

The Group manages its capital adequacy to ensure compliance with decision no. (27) of 2014 concerning the criteria for capital adequacy of the brokerage firms in securities and commodity contracts. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholders value.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. No changes were made in the objectives, policy or processes during the years ended 31 December 2024 and 31 December 2023.

**10(a) Treasury shares**

	2024	2023	2024	2023
	<i>No. of shares</i>	<i>No. of shares</i>	<i>AED</i>	<i>AED</i>
Employee Stock Options Program	<u>-</u>	<u>11,843,106</u>	<u>-</u>	<u>12,980,210</u>

During the year the Group has disbursed the shares under employee stock options program to the employees.

BHM CAPITAL FINANCIAL SERVICES PSC  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the Year ended 31 December 2024

**10 SHARE CAPITAL *(continued)***

**10(b) Legal reserve**

In accordance with UAE Federal Law (32) of 2021 ("Commercial Companies Law"), a minimum of 10% of the annual profit is to be transferred to this non-distributable statutory reserve. Such transfers may cease when the statutory reserve becomes equal to half of the paid-up share capital. In the current year, 3,747,879 (2023: AED 3,534,446) has been transferred to legal reserve.

**11 BANK BORROWINGS**

	2024 AED	2023 AED
Ijarah Facility (note a)	2,091,643	2,808,778
Short-term borrowings (note b)	99,110,876	36,700,000
Bank overdraft (note c)	284,999,047	305,000,000
	386,201,566	344,508,778

Disclosed under consolidated statement of financial position as follows:

Non-current portion of borrowings	1,374,507	2,091,642
Current portion of borrowings	384,827,059	342,417,136
	386,201,566	344,508,778

- a. In 2008, the Group was granted a forward Ijarah facility from the Islamic Bank to purchase an office space in the Emirate of Dubai. On 8 November 2012, the Group obtained the possession of office premises and the Ijarah facility of AED 24,051,620 was rescheduled to be repayable in 180 equal monthly instalments commencing from 8 December 2012. The Ijarah facility bears a market equivalent profit rate and is secured by a first-degree registered mortgage over the property.
- b. Short term loan amounting AED 99.1 million (31 December 2023: 36.7 million) is interest bearing loan which is re-payable on demand. The short term loan is acquired from a financial institution.
- c. The Company has obtained a bank overdraft facility of AED 355 million (31 December 2023: AED 305 million). As on the reporting date, the Company has drawn down AED 285 million (31 December 2023: 305 million). The loan amount is re-payable within a year.

**12 EMPLOYEES' END OF SERVICE BENEFITS**

	2024 AED	2023 AED
Balance as at 01 January	4,433,875	3,400,271
Charge for the year	2,111,733	1,296,260
Paid during the year	(16,723)	(262,656)
Balance as at 31 December	6,528,885	4,433,875

An actuarial valuation has not been performed as the net impact of discount rate and future increase in staff salaries is deemed by management to be insignificant and immaterial to the financial statements.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**13 TRADE AND OTHER PAYABLES**

	2024 AED	2023 AED
Customers' deposits	247,318,164	310,793,966
Customers' deposits with foreign markets	56,113,836	7,530,218
Customers' Unsettled Balances	59,068,053	164,865,384
Net settlement due to:		
- Dubai Financial Market	2,651,644	-
Short term advances	606,329	4,956,329
Other payables and accruals	178,287,721	156,434,786
Total trade and other payables	544,045,747	644,580,683

**14 CONTINGENT LIABILITIES**

	2024 AED	2023 AED
Guarantee to Abu Dhabi Securities Exchange (ADX)	36,000,000	33,000,000
Guarantee to Dubai Financial Markets (DFM)	22,000,000	17,000,000
	58,000,000	50,000,000

The guarantees issued are secured by fixed deposits of AED 22,196,900 (31 December 2023: AED 19,196,900).

As per SCA regulations, a broker is required to have an enforceable bank guarantee payable to the respective stock markets. This guarantee was provided to the Abu Dhabi Securities Exchange and the Dubai Financial Market, remains valid till a written letter from the market stated end of its purpose is received to bank.

**15 COMMISSION AND ADVISORY INCOME**

	2024 AED	2023 AED
Commission income net – at point in time	54,076,379	69,276,130
Advisory income	1,765,115	8,211,402
Total commission and advisory income	55,841,494	77,487,532

**16 OTHER INCOME**

	2024 AED	2023 AED
Foreign exchange gain	1,696,203	4,282,191
Other miscellaneous income	12,388,087	3,586,117
Gain on financial assets through profit and loss	386,056	4,813,714
Total other income	14,470,346	12,682,022

Others miscellaneous income mainly include income from liquidity provider services.

**BHM CAPITAL FINANCIAL SERVICES PSC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**17 GENERAL AND ADMINISTRATIVE EXPENSES**

	2024 AED	2023 AED
Staff cost	59,558,330	61,401,807
Trading cost	15,257,085	11,560,709
Legal and professional	2,822,281	2,800,098
Depreciation on property and equipment	1,573,260	2,024,264
Registration and licensing	1,147,819	1,080,439
Amortization on intangible assets	811,667	793,611
Communication	784,472	263,597
Depreciation on right of use assets	271,925	22,660
Short term lease expenses	140,199	359,237
Other expenses	<u>6,297,528</u>	<u>12,732,691</u>
Total general and administrative expenses	<u>88,664,566</u>	<u>93,039,113</u>

**18 BASIC AND DILUTED EARNINGS PER SHARE**

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

	2024 AED	2023 AED
Profit for the year attributable to shareholders of the Group	<u>37,478,799</u>	<u>35,344,458</u>
Weighted average number of shares outstanding during the year	<u>170,867,766</u>	<u>160,096,884</u>
Basic and diluted profit per share (AED per share)	<u>0.219</u>	<u>0.221</u>

**19 CORPORATE TAX**

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses ("UAE CT Law" or the "Law") to enact a Federal corporate tax ("CT") regime in the UAE. The new CT regime has become effective for accounting periods beginning on or after 1 June 2023. Therefore, the year ended 31 December 2024 is the first taxable period of the Group.

The taxable income of the entities that are in scope for UAE CT purposes will be subject to the rate of 9% corporate tax. The Group's consolidated effective tax rate in respect of continuing operations for the year ended 31 December 2024 was 8.92% percent (31 December 2023: Nil) since the new CT Law has become effective for accounting periods beginning on or after 1 June 2023. The income tax expense is recognized at an amount determined by multiplying the profit before tax for the reporting period ended 31 December 2024 by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognized in full in the period.

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

For the Year ended 31 December 2024

**19 CORPORATE TAX** *(continued)*

The reconciliation of profit before tax for the year ended 31 December 2024 is presented below:

	31 December 2024	31 December 2023
	AED	AED
	<i>(Audited)</i>	<i>(Audited)</i>
Net Profit for the year before tax expense	41,148,814	35,344,458
Income not taxable in determining taxable profit	(159,344)	-
Expenses that are not deductible in determining taxable profit	163,477	-
Taxable income at 0%	(375,000)	-
Taxable income at 9%	40,777,947	-
Tax expenses	<u>3,670,015</u>	<u>-</u>
Effective tax rate	<u>8.92%</u>	<u>0.00%</u>

Management assessment is that the deferred tax component is immaterial as at reporting date.

**20 FINANCIAL INSTRUMENTS**

The financial asset of the Group comprises investment at FVTPL, trade receivables, other receivables, deposits, short term deposit under lien and cash and bank balances. The financial liabilities of the Group include trade and other payables, bank borrowing and short-term loan. The accounting policies for financial assets and liabilities are set out in note (2.3).

The following table summarizes the carrying amount of financial assets and liabilities recorded as at reporting date:

	2024	2023
	AED	AED
<b>FINANCIAL ASSETS</b>		
At amortized cost	1,050,416,053	1,164,510,504
Financial assets at fair value through profit and loss	<u>101,480,071</u>	<u>2,848,738</u>
Balance at 31 December	<u>1,151,896,124</u>	<u>1,167,359,242</u>
<b>FINANCIAL LIABILITIES</b>		
At fair value through profit and loss		
Measured at amortized cost:		
- Borrowings	386,201,566	344,508,778
- Other financial liabilities	<u>548,168,824</u>	<u>645,241,976</u>
Balance at 31 December	<u>934,370,390</u>	<u>989,750,754</u>

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

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For the Year ended 31 December 2024

**20 FINANCIAL INSTRUMENTS** *(continued)*

Fair value

The fair values of the Group's financial instruments are not materially different from their carrying values at the reporting date.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognized by the Group at the end of the reporting year during which the change occurred.

**21 INFORMATION ON FINANCIAL RISKS**

The main market risks to which the Group is exposed are credit risk and equity price risk.

Market risks

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, equity and commodity prices, credit spreads, or other risks. The level of market risk is influenced by the volatility and the liquidity in the markets in which financial instruments are traded. The Group mainly faces the following market risks:

Equity price risk:

Equity price risk arises from the possibility that equity security prices will fluctuate, affecting the value of equity securities and other instruments that derive their value from a particular stock, a defined basket of stocks, or a stock index. The Group tries to manage equity price risks by closely monitoring the market fluctuations in the prices of equities.

Risk of disputes:

Following margin trading, the Group's exposure to risk of disputes reduced significantly as the Group immediately communicates investors of the transactions executed through SMS notification and daily emails. Further, the Group sends statement of accounts to active investors at the end of each month.

However, the Group still has limited exposure to this risk where the Group execute a wrong trade and it may have to rectify it by purchasing or selling financial instruments at unfavorable market prices.

Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's balances due from stock markets and bank balances.

*Exposure to credit risk*

The carrying amount of financial assets which has been disclosed in respective notes in these financial statements represents the maximum credit exposure.

*Due from stock market*

Due from stock markets represents the net amount receivable from recognized stock exchanges against trades executed on the last two working days of the year.



BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**21 INFORMATION ON FINANCIAL RISKS (continued)**

*Margin trading receivables*

The margin is the amount contributed by the Group to its clients towards the purchase of securities in their margin account. The Group secures its financial asset against collateral from the counterparties and enters into an agreement with its clients covering the financial risks.

The Group holds the right to liquidate the customer's collateral to cover the margin facility due to the drop in market value of the collateral below the threshold and the same has been agreed with the customer, hence no loss is likely to be incurred. The total collateral liquidated by the Company during the year is nil (31 December 2023: nil).

*Cash and bank balances*

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposure. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

*Guarantees*

The Group has provided guarantees to Abu Dhabi Securities Exchange and Dubai Financial Market in accordance with stock exchange listing regulations.

*Settlement risk*

The Group's activities may give rise to risk at the time of settlement of the transactions and trades. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed. Any delay in settlement is rare and monitored.

Liquidity risk

The Group limits its liquidity risk by ensuring bank facilities and adequate cash from operations are available. The Group's terms of brokerage contracts require the amounts to be received and settled in accordance with the settlement terms of the securities market. Outstanding receivables are monitored on continuous basis.

The table below summarizes the maturities of the Group undiscounted financial liabilities at 31 December 2024 and 31 December 2023, based on contractual payments.

	<i>Carrying amount</i>	<i>Contractual cash flows</i>	<i>Up to 3 months</i>	<i>3 months to 1 year</i>	<i>1 to 5 years</i>	<i>Over 5 years</i>
	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>	<i>AED</i>
<b>2024</b>						
Amounts due to investors	362,500,053	362,500,053	362,500,053	-	-	-
Bank borrowing	2,091,643	2,244,138	203,039	597,585	1,443,514	-
Short-term loan	384,109,923	384,109,923	-	384,109,923	-	-
Total	<u>748,701,619</u>	<u>748,854,114</u>	<u>362,703,092</u>	<u>384,707,508</u>	<u>1,443,514</u>	<u>-</u>
<b>2023</b>						
Amounts due to investors	483,189,568	483,189,568	483,189,568	-	-	-
Bank borrowing	2,808,778	3,079,081	211,764	623,179	2,244,138	-
Short-term loan	341,700,000	341,700,000	-	341,700,000	-	-
Total	<u>827,698,346</u>	<u>827,968,649</u>	<u>483,401,332</u>	<u>342,323,179</u>	<u>2,244,138</u>	<u>-</u>

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in the market rates.

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**21 INFORMATION ON FINANCIAL RISKS (continued)**

The Group is not exposed to any significant interest rate risk on its financial assets since all financial assets either interest free or carried at fixed interest rate. Interest rate risk mainly concerns to financial liabilities.

The following table analyses financial assets and financial liabilities by interest rate:

	2024	2023
	AED	AED
<b>FINANCIAL ASSETS</b>		
Non-interest bearing	460,982,558	520,484,297
Fixed rate	<u>690,913,566</u>	<u>646,874,945</u>
	<u>1,151,896,124</u>	<u>1,167,359,242</u>
<b>FINANCIAL LIABILITES</b>		
Non-interest bearing	548,168,824	645,241,976
Floating rate	<u>386,201,566</u>	<u>344,508,778</u>
	<u>934,370,390</u>	<u>989,750,754</u>

The Group is not exposed to any interest risk since its financial assets and liabilities are either interest free or at fixed rate of interest. Financial assets at fixed rate include amounts receivable from investors and deposits against guarantees.

Financial liabilities at fixed rate interest include short-term loans. Financial liabilities at floating rate of interest include bank borrowings.

*Sensitivity analysis*

A hypothetical increase in the interest rate by 100 basis points would increase loss by AED 3,862,016 (2023: AED 3,445,088).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's financials assets designated in Saudi Riyals and US Dollars constitute the major foreign receivable which do not fluctuate much. Foreign receivables designated in currencies other than Saudi Riyals and US Dollars are insignificant in terms of amount and management believes that currency risk associated is minimal.

Financial assets analysed by currency are as follows:

	2024	2023
	AED	AED
Saudi Riyal	-	-
US Dollar	695,059	3,577,889
Kuwaiti Dinar	-	1,618
Egyptian Pounds	-	294,560
Omani Riyals	3,188	-
Sterling Pound	120,091	18,926
Euro	2	548,456
Hong Kong Dollar	150,019	21,755
Canadian Dollar	12,441	12,927
Qatari Riyal	46,974	178,492
Swiss Franc	140,794	17,200
Singapore Dollar	-	4,481
Japanese Yen	742,082	252,455
United Arab Emirates Dirham	<u>1,149,985,474</u>	<u>1,162,430,483</u>
Balance as at 31 December	<u>1,151,896,124</u>	<u>1,167,359,242</u>

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the Year ended 31 December 2024

**21 INFORMATION ON FINANCIAL RISKS (continued)**

Financial liabilities analysed by currency are as follows:

	2024 AED	2023 AED
Saudi Riyal	6,199,088	23,303,639
US Dollar	53,670,273	11,973,862
Kuwaiti Dinar	60,061	19,357
Bahraini Dinar	-	-
Egyptian Pounds	(131,110)	335,460
Omani Riyal	3,835	4,519
Sterling Pound	20,576,873	15,195
Euro	124,456	550,899
Hong Kong Dollar	133,418	380,211
Australian Dollar	(226)	(5)
Canadian Dollar	13,646	14,179
Qatari Riyal	38,037	172,868
United Arab Emirates Dirham	853,682,039	952,980,570
Balance as at 31 December	<u>934,370,390</u>	<u>989,750,754</u>

Fair value estimation

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

Level 1 – Quoted prices in active markets

Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table analyses, within the fair value hierarchy, the Group's financial assets measured at fair value at 31 December 2024.

	Level 1 AED	Level 2 AED	Level 3* AED	Total AED
<u>31 December 2024</u>				
Financial assets – Investment at fair value through P&L	8,980,071	-	92,500,000	101,480,071
Financial assets – Investment at fair value through OCI	-	-	-	-
<u>31 December 2023</u>				
Financial assets – Investment at fair value through P&L	2,848,738	-	-	2,848,738
Financial assets – Investment at fair value through OCI	-	-	-	-

BHM CAPITAL FINANCIAL SERVICES PSC  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** *(continued)*

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For the Year ended 31 December 2024

**21 INFORMATION ON FINANCIAL RISKS** *(continued)*

**Fair value estimation** *(continued)*

\* The level 3 fair valuation is measured using price/book value multiple, the higher the unobservable input of price/book value multiple, the higher is fair value.

**22 SEGMENT REPORTING**

The Group operates in brokerage industry and provide margin trading services in the United Arab Emirates only, hence no material segment exits for the Group.

**23 SUBSEQUENT EVENTS**

There have been no events subsequent to the statement of financial position date that would significantly affect the amounts reported in the consolidated financial statements for the year ended 31 December 2024.