

**SICO Financial Brokerage L.L.C.**

Condensed Interim Financial Statements  
(Unaudited)

For the six-month period ended 30 June 2021

**SICO Financial Brokerage L.L.C.**  
**Condensed Interim Financial Statements**

**For the six-month period ended 30 June 2021**

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## Report on review of condensed interim financial information To the Shareholders of SICO Financial Brokerage L.L.C.

### *Introduction*

We have reviewed the accompanying condensed interim statement of financial position of SICO Financial Brokerage L.L.C. (the "Company") as at 30 June 2021 and the related condensed interim statements of comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

### *Scope of review*

We conducted our review in accordance with the International Standard on Review Engagements 2410 ("ISRE 2410") *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not present fairly, in all material respects, the financial position of the Company as at 30 June 2021, and its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 *Interim Financial Reporting*.



**GRANT THORNTON**  
Farouk Mohamed  
Registration No: 86  
Abu Dhabi, United Arab Emirates  
Date: 05 August 2021



**SICO Financial Brokerage L.L.C.**  
**Condensed Interim Financial Statements**

**Condensed interim statement of financial position**  
**As at 30 June 2021**

	Notes	(Unaudited) 30 June 2021 AED	(Audited) 31 December 2020 AED
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	66,159,988	43,074,640
Trade and other receivables	6	6,181,726	2,304,555
Margin loans	7	37,134,509	47,788,158
<b>Total current assets</b>		<b>109,476,223</b>	<b>93,167,353</b>
<b>Non-current assets</b>			
Intangible assets		86,691	39,217
Property and equipment		1,149,900	1,356,395
<b>Total non-current assets</b>		<b>1,236,591</b>	<b>1,395,612</b>
<b>Total assets</b>		<b>110,712,814</b>	<b>94,562,965</b>
<b>Shareholders' equity and liabilities</b>			
<b>Shareholders' equity</b>			
Share capital	8	50,000,000	50,000,000
Shareholders' contribution	8	19,455,664	19,455,664
Legal reserve	8	2,469,766	2,469,766
Accumulated losses		(24,012,750)	(24,303,405)
<b>Total shareholders' equity</b>		<b>47,912,680</b>	<b>47,622,025</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Lease liability	9	237,895	258,047
Trade and other payables	10	17,218,915	11,607,361
Due to a related party	11	44,379,706	33,930,538
<b>Total current liabilities</b>		<b>61,836,516</b>	<b>45,795,946</b>
<b>Non-current liabilities</b>			
Lease liability	9	350,380	603,240
Provision for employees' end of service benefits	12	613,238	541,754
<b>Total non-current liabilities</b>		<b>963,618</b>	<b>1,144,994</b>
<b>Total liabilities</b>		<b>62,800,134</b>	<b>46,940,940</b>
<b>Total shareholders' equity and liabilities</b>		<b>110,712,814</b>	<b>94,562,965</b>

These condensed interim financial statements were approved by the Board of Directors on 05 August 2021 and signed on their behalf by:

  
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**Najla Shirawi**  
**Chairman**

  
 \_\_\_\_\_  
**Anantha Narayanan**  
**Vice Chairman**

The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements.

**SICO Financial Brokerage L.L.C.**  
**Condensed Interim Financial Statements**

**Condensed interim statement of comprehensive income**  
**For the period ended 30 June 2021**

	Notes	(Unaudited) Three-month period ended 30 June 2021 AED	(Unaudited) Three-month period ended 30 June 2020 AED	(Unaudited) Six-month period ended 30 June 2021 AED	(Unaudited) Six-month period ended 30 June 2020 AED
<b>Revenue</b>					
Brokerage commission		833,446	1,231,140	1,917,344	2,562,200
Interest income	7	793,719	913,054	1,649,337	1,946,188
		<b>1,627,165</b>	<b>2,144,194</b>	<b>3,566,681</b>	<b>4,508,388</b>
<b>Expenses</b>					
General and administrative expenses	13	(1,474,642)	(1,619,452)	(2,934,899)	(3,197,202)
Finance cost		(52,607)	(140,041)	(109,368)	(351,578)
Commission and rebate		(1,616)	(151,139)	(10,958)	(208,198)
Depreciation and amortisation expense		(110,646)	(114,703)	(220,801)	(229,080)
		<b>(1,639,511)</b>	<b>(2,025,335)</b>	<b>(3,276,026)</b>	<b>(3,986,058)</b>
<b>Total comprehensive (loss) / income for the period</b>		<b>(12,346)</b>	<b>118,859</b>	<b>290,655</b>	<b>522,330</b>

The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements.

**SICO Financial Brokerage L.L.C.  
Condensed Interim Financial Statements**

**Condensed interim statement of changes in equity  
For the period ended 30 June 2021**

	Share capital AED	Shareholders' contribution AED	Legal reserve AED	Accumulated losses AED	Total equity AED
Balance as at 1 January 2021 (Audited)	50,000,000	19,455,664	2,469,766	(24,303,405)	47,622,025
Total comprehensive income for the period	-	-	-	290,655	290,655
<b>Balance as at 30 June 2021 (Unaudited)</b>	<b>50,000,000</b>	<b>19,455,664</b>	<b>2,469,766</b>	<b>(24,012,750)</b>	<b>47,912,680</b>
Balance as at 1 January 2020 (Audited)	50,000,000	19,455,664	2,362,215	(25,271,363)	46,546,516
Total comprehensive income for the period	-	-	-	522,330	522,330
Balance as at 30 June 2020 (Unaudited)	50,000,000	19,455,664	2,362,215	(24,749,033)	47,068,846

The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements

**SICO Financial Brokerage L.L.C.**  
**Condensed Interim Financial Statements**

**Condensed interim statement of cash flows**  
**For the period ended 30 June 2021**

	Notes	(Unaudited) Six-month period ended 30 June 2021 AED	(Unaudited) Six-month period ended 30 June 2020 AED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		290,655	522,330
<i>Adjustments for non-cash items:</i>			
Finance cost		109,368	351,578
Depreciation of property and equipment		216,896	226,245
Provision for employees' end of service benefits		71,484	73,370
Amortisation of intangible assets		3,905	2,835
Interest income	7	(1,649,337)	(1,946,188)
<b>Operating loss before changes in working capital</b>		<b>(957,029)</b>	<b>(769,830)</b>
<b>Changes in working capital</b>			
Change in trade and other receivables		(3,691,485)	(6,772,692)
Change in margin loans		10,653,649	25,935,077
Change in other current assets		(185,686)	(155,031)
Change in trade and other payables		5,611,554	(2,249,851)
Change in lease liability		(273,012)	(323,110)
Change in due to a related party		10,449,168	(15,868,379)
<b>Cash generated from / (used in) operations</b>		<b>21,607,159</b>	<b>(203,816)</b>
Payment for employee' end of service benefits		-	(32,709)
Interest received on margin loans		1,649,337	1,946,188
<b>Net cash generated from operating activities</b>		<b>23,256,496</b>	<b>1,709,663</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of intangible asset		(51,380)	-
Payments for purchase of property and equipment		(10,400)	(6,092)
<b>Net cash used in investing activities</b>		<b>(61,780)</b>	<b>(6,092)</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Finance cost paid		(109,368)	(351,578)
<b>Net cash used in financing activity</b>		<b>(109,368)</b>	<b>(351,578)</b>
<b>Net increase in cash and cash equivalents</b>		<b>23,085,348</b>	<b>1,351,993</b>
Cash and cash equivalents, beginning of period		43,074,640	47,675,178
<b>Cash and cash equivalents, end of period</b>	5	<b>66,159,988</b>	<b>49,027,171</b>

The accompanying notes from 1 to 16 form an integral part of these condensed interim financial statements.

# SICO Financial Brokerage L.L.C.

## Condensed Interim Financial Statements

### Notes to the condensed interim financial statements

#### For the period ended 30 June 2021

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#### **1 Legal status and activities**

SICO Financial Brokerage L.L.C. (the “Company”) was established on 11 February 2002, as a limited liability company, registered in the Emirates of Abu Dhabi under UAE Federal Law No. 2 of 2015. The Company was granted a license to operate in the Emirate of Abu Dhabi by Emirates Securities and Commodities Authority (“SCA”) on 13 May 2002 and its registered head office is in Sky Tower, Al Reem Island, P.O. Box 37618 under a new management. The Company license number is CN-1043543.

The principal activity of the Company is to provide brokerage services for customers trading in shares and securities on Abu Dhabi Exchange (“ADX”), Dubai Financial Market (“DFM”) and NASDAQ Dubai.

The Company is a wholly owned subsidiary of SICO B.S.C. (c) (the “Parent Company”), a Bahrain-based GCC asset manager, broker and investment bank.

#### **2 General information**

##### **2.1 Statement of compliance**

The condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as issued by the International Accounting Standard Board (“IASB”) and in compliance with the applicable requirements of UAE Federal Law No. 2 of 2015 relating to commercial companies.

##### **2.2 Basis of preparation**

The condensed interim financial statements are for the six-month period ended 30 June 2021 and are presented in United Arab Emirates Dirham (AED), which is the functional and presentation currency of the Company.

The condensed interim financial statements have been prepared on the historical cost basis. They have been prepared under the assumption that the Company operates on a going concern basis.

The condensed interim financial statements have been prepared in accordance with IAS 34. They do not include all of the information required in annual financial statements in accordance with International Financial Reporting Standards (“IFRS”) and should be read in conjunction with the financial statements for the year ended 31 December 2020. In addition, the results for the six-month period ended 30 June 2021 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2021.

#### **3 Summary of significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the Company’s financial statements as at and for the year ended 31 December 2020 except for the adoption of new standards and interpretations effective 1 January 2021.



**SICO Financial Brokerage L.L.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 June 2021**

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**3 Significant accounting policies (continued)**

**Standards, interpretations and amendments to existing standards**

There are no applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that are expected to have a material impact on the condensed interim financial information of the Company.

**Standards and interpretations in issue but not yet effective**

<b>New standards and revised IFRSs not yet effective and has not been adopted early by the Company</b>	<b>Effective date</b>
Amendments to IAS 1 to address classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date.	1 January 2022
Amendments to IAS 16 'Property, Plant and Equipment' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.	1 January 2022
Amendments to IAS 37 amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	1 January 2022
Amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements	1 January 2022
Annual improvements to IFRS Standards 2018–2020	1 January 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures (2011)' relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

**SICO Financial Brokerage L.L.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 June 2021**

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**4 Critical accounting estimates and judgements in applying accounting policies**

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that were applied to the financial statements as at and for the year ended 31 December 2020.

However, the Company has reviewed the key sources of estimation uncertainties disclosed in the recent annual audited financial statements against the backdrop of Covid-19 pandemic. Management believes that all sources of estimation uncertainty remain similar to those disclosed in the recent annual audited financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

**Impact of COVID-19 on the condensed interim financial statements**

In response to the spread of the COVID-19 where the Company operates and its resulting disruptions to the social and economic activities in those markets, the Company management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creating of a business contingency plan, to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its services throughout the market. The business operations of the Company currently remain largely unaffected. Based on these factors, the Company management believes that the COVID-19 pandemic has had no material effects on the reported condensed interim financial statements as at and for the six months period ended 30 June 2021.

**5 Cash and cash equivalents**

	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
	AED	AED
Cash on hand	34,200	59,401
Cash in banks - current accounts	66,125,788	43,015,239
	<u>66,159,988</u>	<u>43,074,640</u>

**SICO Financial Brokerage L.L.C.**  
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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 June 2021**

**6 Trade and other receivables**

	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
	AED	AED
Trade receivables	208,067	8,525
Net settlement due from Abu Dhabi Security Exchange	-	751,677
Net settlement due from Dubai Financial Market	4,243,621	-
Guarantee	1,000,000	1,000,000
Prepaid expenses	547,997	375,391
Security deposits	36,500	35,900
Other receivables	145,541	133,062
	<u>6,181,726</u>	<u>2,304,555</u>

The ageing for the trade receivables is as follows:

	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
1 – 90 days	207,520	8,073
More than 90 days	547	452
Total	<u>208,067</u>	<u>8,525</u>

As at 30 June 2021 and 31 December 2020, management assessed that all its trade and other receivables are not impaired. As such, there were no expected credit losses (ECL) recognised on the Company's trade and other receivables.

**7 Margin loans**

The Company has obtained the license from SCA under registration 604010 dated 24 November 2013, whereby the Company would provide finance to its clients as percentage of market value of securities.

The clients are subject to discretionary interest charges by **management**. The margin loan facility will be on a 1:1 basis, whereby to avail the margin facility the clients must deposit margin amount. The client's portfolio will be used as collateral against the margin facility and are required to provide additional margin in the form of cash and securities, if the value of the portfolio reaches **minimum** margin maintenance limit that is set by the Company. In case the client fails to meet margin requirement due to deterioration in the portfolio, the Company is allowed to liquidate the positions and settle all its outstanding dues from the client.

As at 30 June 2021, the carrying amount of the margin loans net of the expected credit loss of AED 70,000 is AED 37,134,509 (31 December 2020: AED 47,788,158).

The fair value of securities held as collateral against the margin trading facilities as at the reporting date amounts to AED 77,115,723 (31 December 2020: AED 115,804,732).

Interest earned from margin loans for the six-month period ended 30 June 2021 amounted to AED 1,649,337 (30 June 2020: AED 1,946,188).

**SICO Financial Brokerage L.L.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 June 2021**

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**8 Share capital, contribution and legal reserves**

Share capital

The Company was incorporated with the share capital of AED 30,000,000 divided into 30,000 shares of AED 1,000 par value per share.

As per the Company's notarized amended Articles of Association dated 29 January 2018, the shareholders decided to increase capital by an additional 20,000 shares pro rata to their existing shareholdings.

As at the reporting date, the Company's paid up share capital is AED 50,000,000 distributed as follows:

	<b>Percentage of capital</b>	<b>No. of shares</b>	<b>Total capital AED</b>
<u><b>Name of shareholders</b></u>			
SICO B.S.C. (c)	99%	49,500	49,500,000
SICO Ventures Company S.P.C.	1%	500	500,000
<b>Total</b>	<b>100%</b>	<b>50,000</b>	<b>50,000,000</b>

Shareholder's contribution

On 4 June 2014, the Parent Company provided the Company with a credit facility amounting to USD 5,300,000. The credit facility is available for a period of five years to meet SCA requirements relating to margin trading. On 24 January 2017, the Parent Company issued a board resolution stating that the credit facility would be interest free.

On 22 August 2020, the Parent Company issued a revised funding agreement with the revised terms that the credit facility will not bear any interest and will be repayable at the discretion of the Company. Due to the changes made in the terms of the credit facility, the Management decided that it is appropriate to reclassify the credit facility from liability to shareholder's contribution.

Legal reserve

In accordance with the UAE Federal Law No. (2) of 2015 concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to non-distributable legal reserve until the balance of the legal reserve equals 50% of the Company's paid up share capital. This reserve is not available for dividend distribution.

**SICO Financial Brokerage L.L.C.**  
**Condensed Interim Financial Statements**

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 June 2021**

**9 Leases**

On 1 September 2018, the Company has entered into a leasing agreement with The National Investor PrJSC with a lease term of five years. The lease liability is secured by the related underlying asset. Future minimum lease payments at 30 June 2021 are as follows:

<b>(Unaudited)</b>	<b>Within</b>	<b>One to five</b>	<b>Total</b>
<b>30 June 2021</b>	<b>one year</b>	<b>years</b>	
Lease payments	289,000	428,820	717,820
Finance charges	(51,105)	(78,440)	(129,545)
<b>Net present values</b>	<b>237,895</b>	<b>350,380</b>	<b>588,275</b>

<b>(Audited)</b>	<b>Within</b>	<b>One to five</b>	<b>Total</b>
<b>31 December 2020</b>	<b>one year</b>	<b>years</b>	
Lease payments	289,000	701,832	990,832
Finance charges	(30,953)	(98,592)	(129,545)
<b>Net present values</b>	<b>258,047</b>	<b>603,240</b>	<b>861,287</b>

The Company has elected not to recognise a lease liability for short-term leases (leases with expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

Finance cost incurred from lease liability amounted to AED 15,988 for the six-month period ended 30 June 2021 (30 June 2020: AED 22,030).

**10 Trade and other payables**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>
	<b>AED</b>	<b>AED</b>
Trade payables	16,416,453	10,060,559
Net settlement account with Abu Dhabi Securities Exchange	172,521	697,910
Provision for staff bonus	409,152	716,263
Value added tax – net	29,704	18,822
Other payables and accruals	191,085	113,807
	<b>17,218,915</b>	<b>11,607,361</b>

**SICO Financial Brokerage L.L.C.**  
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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 June 2021**

**11 Related party balances and transactions**

The Company in the normal course of the business conducts transactions with enterprises which fall within the definition of related parties as described by IFRS. The transactions with these related parties are primarily financing in nature as follows:

a) Due to a related party – Parent Company

	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
	AED	AED
SICO B.S.C. (c) – Operating	<u>44,379,706</u>	<u>33,930,538</u>

b) Transactions with Parent Company

	(Unaudited)	(Unaudited)
	Six-month	Six-month
	period ended	period ended
	30 June 2021	30 June 2020
	AED	AED
Commission income	<u>816,596</u>	1,214,176
Interest on facilities	<u>2,750</u>	<u>181,424</u>

c) Transactions with key management personnel

	(Unaudited)	(Unaudited)
	Six-month	Six-month
	period ended	period ended
	30 June 2021	30 June 2020
	AED	AED
Short term employee benefits	<u>621,864</u>	<u>422,374</u>
Post-employment benefits	<u>14,383</u>	<u>13,911</u>

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**Notes to the condensed interim financial statements (continued)**  
**For the period ended 30 June 2021**

**12 Provision for employees' end of service benefits**

	(Unaudited)	(Audited)
	30 June	31 December
	2021	2020
	AED	AED
Balance at 1 January	541,754	447,902
Charge during the period / year – Note 13	71,484	126,561
Settlement during the period / year	-	(32,709)
Closing balance	<u>613,238</u>	<u>541,754</u>

**13 General and administrative expenses**

	(Unaudited)	(Unaudited)
	Six-month	Six-month
	period ended	period ended
	30 June 2021	30 June 2020
	AED	AED
Salaries and related benefits	1,895,006	1,892,135
Software and licensing	685,236	676,398
Utilities	100,837	101,837
End of service benefits	71,484	73,370
Professional fees	31,100	228,090
Insurance	23,742	24,348
Other expenses	127,494	201,024
	<u>2,934,899</u>	<u>3,197,202</u>

**14 Contingencies and commitment**

The Company has letters of guarantee amounting to AED 35,000,000 (31 December 2020: AED 35,000,000 million) in favor of Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) in accordance with the requirements issued by the SCA. In addition, the Company has cash guarantee amounting to AED1,000,000 (31 December 2020: 1,000,000) with NASDAQ Dubai Limited.

**15 Reclassifications**

Certain comparative figures have been reclassified, where necessary, to conform to the current period presentation. Management believes that the current period presentation provides more meaningful information to the readers of the financial statements.

These reclassifications did not have any impact on the current or prior period's statement of comprehensive income or accumulated losses.

**16 Approval of condensed interim financial statements**

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 05 August 2021.