

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

Condensed Interim Financial Statements  
(Unaudited)

For the three-month period ended 31 March 2021

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

**For the three-month period ended 31 March 2021**

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## Review report of the 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 31 March 2021 and the related condensed interim statement of comprehensive income, the condensed interim statement of changes in equity and the condensed interim statement of cash flows for the three-month period then ended and the related 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 31 March 2021, and its financial performance and its cash flows for the three-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: 6 May 2021


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

**Condensed interim statement of financial position**  
**As at 31 March 2021**

	Notes	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	63,366,264	43,074,640
Trade and other receivables	6	1,440,914	2,304,555
Margin loans	7	37,382,902	47,788,158
<b>Total current assets</b>		<b>102,190,080</b>	<b>93,167,353</b>
<b>Non-current assets</b>			
Intangible assets		63,276	39,217
Property and equipment		1,247,872	1,356,395
<b>Total non-current assets</b>		<b>1,311,148</b>	<b>1,395,612</b>
<b>Total assets</b>		<b>103,501,228</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
Shareholder's contribution	8	19,455,664	19,455,664
Statutory reserves	8	2,469,766	2,469,766
Accumulated losses		(24,000,404)	(24,303,405)
<b>Total shareholders' equity</b>		<b>47,925,026</b>	<b>47,622,025</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Finance lease liability	9	237,895	258,047
Trade and other payables	10	15,928,433	11,607,361
Due to a related party	11	38,480,818	33,930,538
<b>Total current liabilities</b>		<b>54,647,146</b>	<b>45,795,946</b>
<b>Non-current liabilities</b>			
Finance lease liability	9	342,900	603,240
Provision for employees' end of service benefits	12	586,156	541,754
<b>Total non-current liabilities</b>		<b>929,056</b>	<b>1,144,994</b>
<b>Total liabilities</b>		<b>55,576,202</b>	<b>46,940,940</b>
<b>Total shareholders' equity and liabilities</b>		<b>103,501,228</b>	<b>94,562,965</b>

These condensed interim financial statements were approved by the Board of Directors on 06 May 2021 and signed on their behalf by:

  
 \_\_\_\_\_  
 Najla Shirawi  
 Chairman

  
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 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 31 March 2021**

	Notes	(Unaudited) Three-month period ended 31 March 2021 AED	(Unaudited) Three-month period ended 31 March 2020 AED
<b>REVENUE</b>			
Brokerage commission revenue		1,083,898	1,331,060
Interest income	7	855,618	1,033,134
		<u>1,939,516</u>	<u>2,364,194</u>
<b>EXPENSES</b>			
General and administrative expenses	13	1,460,257	1,577,750
Finance costs		56,761	211,537
Commission and rebate		9,342	57,059
Depreciation and amortisation expense		110,155	114,377
		<u>1,636,515</u>	<u>1,960,723</u>
<b>Total comprehensive income for the period</b>		<u>303,001</u>	<u>403,471</u>

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 31 March 2021**

	Share capital AED	Shareholders' Contribution AED	Statutory 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	-	-	-	303,001	303,001
<b>Balance as at 31 March 2021 (Unaudited)</b>	<b>50,000,000</b>	<b>19,455,664</b>	<b>2,469,766</b>	<b>(24,000,404)</b>	<b>47,925,026</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 loss for the period	-	-	-	403,471	403,471
Transfer to statutory reserve	-	-	40,347	(40,347)	-
<b>Balance as at 31 March 2020 (Unaudited)</b>	<b>50,000,000</b>	<b>19,455,664</b>	<b>2,402,562</b>	<b>(24,908,239)</b>	<b>46,949,987</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 cash flows**  
**For the period ended 31 March 2021**

	Notes	(Unaudited) Three-month period ended 31 March 2021 AED	(Unaudited) Three-month period ended 31 March 2020 AED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income / (loss) for the period		303,001	403,471
<i>Adjustments for non-cash items:</i>			
Finance cost		56,761	211,537
Depreciation of property and equipment		108,523	112,960
Provision for employees' end of service benefits		44,402	47,064
Amortisation of intangible assets		1,631	1,417
Interest income	7	(855,618)	(1,033,134)
<b>Operating loss before changes in working capital</b>		<b>(341,300)</b>	<b>(256,685)</b>
<b>Changes in working capital</b>			
Change in trade and other receivables		863,641	(1,314,018)
Change in margin loans		10,405,256	(1,174,656)
Change in trade and other payables		4,321,072	8,405,785
Change in due to related parties		4,550,280	336,346
<b>Cash generated from operations</b>		<b>19,798,949</b>	<b>5,996,772</b>
Payment for employee' end of service benefits		-	(32,709)
Interest received on margin loans		855,618	1,033,134
<b>Net cash generated from operating activities</b>		<b>20,654,567</b>	<b>6,997,197</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of intangible asset		(25,690)	-
Payments for purchase of property and equipment		-	(6,092)
<b>Net cash used in investing activities</b>		<b>(25,690)</b>	<b>(6,092)</b>
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Payment of finance lease		(289,000)	(323,110)
Finance cost paid		(48,253)	(211,537)
<b>Net cash used in financing activity</b>		<b>(337,253)</b>	<b>(534,647)</b>
<b>Net increase in cash and cash equivalents</b>		<b>20,291,624</b>	<b>6,456,458</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>63,366,264</b>	<b>54,131,636</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 31 March 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 has changed its trade name from Securities and Investment Company (UAE) L.L.C. to SICO Financial Brokerage L.L.C. as per notarized amended article of association dated 29 January 2018.

The Company is a wholly owned subsidiary of SICO BSC (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 also comply with the applicable requirements of the laws in the UAE.

#### 2.2 Basis of preparation

The condensed interim financial statements are for the three-month period ended 31 March 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, except for the measurement at fair value of certain financial instruments.

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 three-month period ended 31 March 2021 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2021.

These condensed interim financial statements have been prepared on a consistent basis with the accounting policies and estimates adopted in the Company's most recent annual financial statements for the year ended 31 December 2020 except for the adoption of new standards and interpretations effective 1 January 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 (Unaudited)**

**Notes to the condensed interim financial statements (continued)**  
**For the nine months period ended 30 September 2020**

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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 31 March 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***

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 three months period ended 31 March 2021.

**5 Cash and cash equivalents**

	(Unaudited)	(Audited)
	31 March	31 December
	2021	2020
	AED	AED
Cash on hand	156,759	59,401
Cash in banks - current accounts	63,209,505	43,015,239
	<u>63,366,264</u>	<u>43,074,640</u>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2021**

**6 Trade and other receivables**

	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
Trade receivables	11,446	8,525
Net settlement due from Abu Dhabi Security Exchange	-	751,677
Guarantee	1,000,000	1,000,000
Prepaid expenses	234,103	375,391
Security deposits	35,900	35,900
Other receivables	159,465	133,062
	<u>1,440,914</u>	<u>2,304,555</u>

The ageing for the trade receivables is as follows:

	(Unaudited) 31 March 2021	(Audited) 31 December 2020
1 – 90 days	10,994	8,073
More than 90 days	452	452
Total	<u>11,446</u>	<u>8,525</u>

As at 31 March 2021 and 31 December 2020, management assessed that all its trade and other receivables are not impaired. As such, there were no 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 31 March 2021, the carrying amount of the margin loans net of the expected credit loss amounting to AED 70,000 is AED 37,382,902 (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 76,475,054 (31 December 2020: AED 115,804,732).

Interest earned from margin loans for the three-month period ended 31 March 2021 amounted to AED 855,618 (31 March 2020: AED 1,033,134).

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2021**

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**8 Share capital, contribution and 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:

	Percentage of capital	No. of shares	Total capital AED
<u>Name of shareholders</u>			
SICO BSC (c)	99%	49,500	49,500,000
SICO Ventures Company SPC	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. The credit facility bears interest at three-month LIBOR plus 1% per annum payable in arrears on maturities and/or rollovers (3 months). 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.

Statutory reserves

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 31 March 2021**

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**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 31 March 2021 are as follows:

	(Unaudited) 31 March 2021	(Audited) 31 December 2020
Within one year	237,895	258,047
One to five years	342,900	603,240
	<u>580,795</u>	<u>861,287</u>

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 8,508 for the three-month period ended 31 March 2021 (31 March 2020: AED 11,465).

**10 Trade and other payables**

	(Unaudited) 31 March 2021 AED	(Audited) 31 December 2020 AED
Trade payables	11,851,713	10,060,559
Net settlement account with Abu Dhabi Securities Exchange	2,916,480	697,910
Net settlement account with Dubai Financial Market	601,220	-
Provision for staff bonus	296,152	716,263
Value added tax – net	11,333	18,822
Other payables and accruals	251,535	113,807
	<u>15,928,433</u>	<u>11,607,361</u>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2021**

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**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) 31 March 2021 AED	(Audited) 31 December 2020 AED
SICO BSC (c) – Operating	<u>38,480,818</u>	<u>33,930,538</u>

b) Transactions with Parent Company

	(Unaudited) Three-month period ended 31 March 2021 AED	(Unaudited) Three-month period ended 31 March 2020 AED
Commission income	<u>437,670</u>	<u>704,046</u>

c) Transactions with key management personnel

	(Unaudited) Three-month period ended 31 March 2021 AED	(Unaudited) Three-month period ended 31 March 2020 AED
Short term employee benefits	<u>437,327</u>	<u>422,374</u>
Post-employment benefits	<u>14,228</u>	<u>12,848</u>

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

**Notes to the condensed interim financial statements (continued)**  
**For the period ended 31 March 2021**

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

	(Unaudited)	(Audited)
	31 March	31 December
	2021	2020
	AED	AED
Balance at 1 January (Audited)	541,754	447,902
Charge during the period / year – Note 13	44,402	126,561
Settlement during the period / year	-	(32,709)
Closing balance	<u>586,156</u>	<u>541,754</u>

**13 General and administrative expenses**

	(Unaudited)	(Unaudited)
	Three-month	Three-month
	period ended	period ended
	31 March 2021	31 March 2020
	AED	AED
Salaries and related benefits	936,888	915,825
Software and licensing	336,331	332,499
Utilities	49,896	52,386
End of service benefits	44,402	47,064
Communication expense	28,890	28,890
Professional fees	15,000	145,120
Insurance	13,287	13,756
Other expenses	35,563	42,210
	<u>1,460,257</u>	<u>1,577,750</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 year presentation. Management believes that the current year presentation provides more meaningful information to the readers of the financial statements.

These reclassifications did not have any impact on the current or prior year's statement of comprehensive income or retained earnings.

**16 Approval of condensed interim financial statements**

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 6 May 2021.