

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**REVIEW REPORT AND INTERIM FINANCIAL**  
**INFORMATION FOR THE PERIOD FROM**  
**1 JANUARY 2018 TO 31 MARCH 2018**

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**I N D E X**

	<b><u>Exhibit</u></b>	<b><u>Page</u></b>
Report on review of interim financial information	-	3
Interim statement of financial position as at 31 March 2018	A	4
Interim statement of profit or loss and other comprehensive income for the period from 1 January 2018 to 31 March 2018	B	5
Interim statement of changes in equity for the period from 1 January 2018 to 31 March 2018	C	6
Interim statement of cash flows for the period from 1 January 2018 to 31 March 2018	D	7
	<b><u>Notes</u></b>	
Notes to interim financial statements	1 - 14	8 - 16

**REPORT ON REVIEW AND INTERIM FINANCIAL INFORMATION**

**The Shareholders**

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

**Abu Dhabi - United Arab Emirates**

*Introduction*

We have reviewed the accompanying interim financial information of **SICO Financial Brokerage L.L.C** - Abu Dhabi as at 31 March 2018 which comprise the interim statement of financial position as at 31 March 2018, and the related interim statement of profit or loss and other comprehensive income, interim statement of changes in equity and interim statement of cash flows for the three months period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion of these interim financial statements based on our review.

*Scope of review*

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the company." A review of 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 interim financial information are not prepared, in all material respects, in accordance with IAS 34.

**Talal Abu Ghazaleh & Co. International**



**Firas Kilani**

Licensed Auditor No. 632

18 April 2018



**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**EXHIBIT A**

**INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018**

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>NOTE</u>	<u>31 March 2018</u>	<u>31 December 2017</u>
<u>ASSETS</u>		<u>(Unaudited)</u>	<u>(Audited)</u>
<b><u>CURRENT ASSETS</u></b>			
Cash and cash equivalents	4	47,346,376	42,817,740
Margin trading receivables		16,235,015	21,988,231
Trade receivables and prepayments	5	3,334,378	10,027,662
<b>Total current assets</b>		<b>66,915,769</b>	<b>74,833,633</b>
<b><u>NON-CURRENT ASSETS</u></b>			
Intangible assets		65,422	71,556
Property and equipment		52,005	21,961
<b>Total non-current assets</b>		<b>117,427</b>	<b>93,517</b>
<b>TOTAL ASSETS</b>		<b>67,033,196</b>	<b>74,927,150</b>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b><u>CURRENT LIABILITIES</u></b>			
Trade and other payables	6	11,068,827	14,687,297
Other liability	7	30,930	----
Due to related parties	10	25,442,731	29,606,204
<b>Total current liabilities</b>		<b>36,542,488</b>	<b>44,293,501</b>
<b><u>NON-CURRENT LIABILITY</u></b>			
Employee end of service benefits	8	301,182	268,067
<b>Total non-current liability</b>		<b>301,182</b>	<b>268,067</b>
<b><u>EQUITY</u></b>			
Share capital	9	50,000,000	30,000,000
Contributed capital		----	20,000,000
Statutory reserve		2,362,215	2,362,215
Accumulated (losses)		(22,172,689)	(21,996,633)
<b>Net equity - Exhibit C</b>		<b>30,189,526</b>	<b>30,365,582</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>67,033,196</b>	<b>74,927,150</b>

  
 \_\_\_\_\_  
 Chairman

  
 \_\_\_\_\_  
 Vice Chairman

THE ACCOMPANYING NOTES 1 TO 14 ARE AN  
 INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI- UNITED ARAB EMIRATES**

**EXHIBIT B**

**INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME FOR THE PERIOD FROM 1 JANUARY 2018 TO 31 MARCH 2018**

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>For the period from</u> <u>1 January 2018 to</u> <u>31 March 2018</u> <u>(Unaudited)</u>	<u>For the period from</u> <u>1 January 2017 to</u> <u>31 March 2017</u> <u>(Unaudited)</u>
Net commission income	1,058,453	1,252,456
Interest income	307,356	58,592
Other income	36,385	----
<b>Total income</b>	<u>1,402,194</u>	<u>1,311,048</u>
General and administrative expenses	(1,375,391)	(1,403,807)
Finance charges	(190,025)	(84,086)
Depreciation and amortization expenses	<u>(12,834)</u>	<u>(7,603)</u>
<b>Total comprehensive (loss)</b> <b>for the period - Exhibit C &amp; D</b>	<u><u>(176,056)</u></u>	<u><u>(184,448)</u></u>

*THE ACCOMPANYING NOTES 1 TO 14 ARE AN  
INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS*

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**EXHIBIT C**

**INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD**  
**FROM 1 JANUARY 2018 TO 31 MARCH 2018**  
**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

	<u>Share capital</u>	<u>Contributed capital</u>	<u>Statutory reserve</u>	<u>Accumulated (losses)</u>	<u>Total</u>
Equity at 1 January 2017 (Audited)	30,000,000	----	2,362,215	(20,066,200)	12,296,015
Total comprehensive (loss) for the period - Exhibit B	----	----	----	(184,448)	(184,448)
Equity at 31 March 2017 (Unaudited)	<u>30,000,000</u>	<u>----</u>	<u>2,362,215</u>	<u>(20,250,648)</u>	<u>12,111,567</u>
Equity at 1 January 2018 (Audited)	30,000,000	20,000,000	2,362,215	(21,996,633)	30,365,582
Transfer to share capital	<b>20,000,000</b>	<b>(20,000,000)</b>	----	----	----
Total comprehensive (loss) for the period - Exhibit B	----	----	----	(176,056)	(176,056)
<b>Equity at 31 March 2018 - Exhibit A (Unaudited)</b>	<u><b>50,000,000</b></u>	<u><b>----</b></u>	<u><b>2,362,215</b></u>	<u><b>(22,172,689)</b></u>	<u><b>30,189,526</b></u>

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**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**EXHIBIT D**

**INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD**  
**FROM 1 JANUARY 2018 TO 31 MARCH 2018**

(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)

	<u>For the period from</u> <u>1 January 2018 to</u> <u>31 March 2018</u> <u>(Unaudited)</u>	<u>For the period from</u> <u>1 January 2017 to</u> <u>31 March 2017</u> <u>(Unaudited)</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES :</u></b>		
(Loss) for the period - Exhibit B	(176,056)	(184,448)
<b><u>Adjustment to reconcile net income to net cash provided by operating activities</u></b>		
Depreciation and amortization of property and equipment	12,833	7,603
Employee end of service benefits	33,115	25,670
Interest income	(307,356)	(58,592)
Interest on deposits	(4,799)	----
Finance costs	190,025	84,086
Operating (loss) before working capital changes	<u>(252,238)</u>	<u>(125,681)</u>
<b><u>Changes in the components of working capital:</u></b>		
Decrease / (increase) in margin trading receivables	5,753,216	(12,316,874)
Decrease / (increase) in trade receivables and prepayments	6,693,284	(3,819,371)
(Decrease) / increase in trade and other payables	(3,618,470)	16,236,683
Increase in other liability	30,930	----
(Decrease) in due to related parties	(4,163,473)	(40,336)
<i>Net cash flows from / (used in) operating activities</i>	<u>4,443,249</u>	<u>(65,579)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES :</u></b>		
Interest on deposits	4,799	----
Purchase of property and equipment	(36,743)	(12,250)
<i>Net cash flows (used in) investing activities</i>	<u>(31,944)</u>	<u>(12,250)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES :</u></b>		
Finance costs	(190,025)	(84,086)
Interest received	307,356	58,592
<i>Net cash flows from / (used in) financing activities</i>	<u>117,331</u>	<u>(25,494)</u>
<b>NET CASH FLOWS GENERATED / (USED) DURING THE PERIOD</b>	<u>4,528,636</u>	<u>(103,323)</u>
Cash and cash equivalents at beginning of the period	<u>42,817,740</u>	<u>48,430,481</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD - Note 4</b>	<u><u>47,346,376</u></u>	<u><u>48,327,158</u></u>

THE ACCOMPANYING NOTES 1 TO 14 ARE AN  
INTEGRAL PART OF THESE INTERIM FINANCIAL STATEMENTS

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**  
**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

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**1. STATUS AND ACTIVITIES**

- a) **SICO Financial Brokerage L.L.C** 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 ("ESCA") on 13 May 2002 and its registered head office in Al Wahda Commercial towers, P.O. Box 37618 under a new management. The company license number is CN-1043543.
- b) The principal activity of the company is to provide brokerage services for customers trading in shares and securities on Abu Dhabi Securities Market and Dubai Financial Market and Nasdaq Dubai".
- c) On 15 September 2011, CI Capital Gulf Financial Brokerage Company was acquired by the Securities & Investment Company BSC(c) and changed its name to SICO Financial Brokerage L.L.C. The company is located in Al Wahda Commercial towers, P.O. Box 37618 under a new management. The company license number is CN-1043543.

**2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)**

- a) In the current year, the company has adopted the new and revised International Financial Reporting Standards (IFRSs) including the International Accounting Standards (IASs) and their interpretations that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2018.
- b) At the date of authorization of these financial statements, the following Standards and Interpretations have been issued :

	<u>Effective for annual periods beginning on or after</u>
IFRS 15 - revenue from contracts with customers.	1 January 2018
IFRS 9 - financial instruments.	1 January 2018
Amendments on IFRS 2 - classification and measurement of share based payment transactions.	1 January 2018
Amendments on IAS 40 - transfer of investment property.	1 January 2018
Interpretation IFRS 22 - foreign currency transactions and advance consideration.	1 January 2018
c) Issued but not effective :	
IFRS 16 - leases.	1 January 2019



**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
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3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. *Interim Financial Statements Preparation Framework*

The interim financial statements have been prepared in accordance with International Financial Reporting Standards.

b. *Basis of preparation*

The interim financial statements have been prepared on the historical cost basis. The significant accounting policies are set out below.

i) *Cash and cash equivalents*

Cash comprises cash on hand and unrestricted cash at banks - current accounts. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

ii) *Trade receivables*

Brokerage receivables are stated at net realizable value. When a brokerage receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the interim statement of comprehensive income.

Loans and receivables includes brokerage and other receivables. Trade receivables that either have or do not have fixed or determinable payments and that are not quoted in active market, and other receivables are stated at net realizable value. The carrying value is not materially different from their fair value.

c. *Intangible assets*

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Acquisition costs comprise the purchase price and other costs directly attributable to preparing the assets for their intended use. Intangible asset acquired through business combination is recognized at its cost, being its fair value at the acquisition date.

Amortization is charged, to statement of comprehensive income, on a straight - line basis over the following useful lives of intangible assets:

<u>Category</u>	<u>Useful life</u>
Computer software	3 years

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
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d. *Property and equipment*

The property and equipment are carried in the interim statement of financial position at their cost less any accumulated depreciation and any accumulated impairment.

The depreciation charge for each period is recognized in the interim statement of comprehensive income. Depreciation is calculated on a straight line basis, which reflects the pattern in which the asset's future economic benefits are expected to be consumed by the company over the estimated useful life of the assets as follows:

<u>Category</u>	<u>Useful life</u>
Office furniture and fixtures	3 years
Computer equipment	3 years
Motor vehicles	3 years

On the subsequent derecognition (sale or retirement) of the furniture and equipment, the resultant gain or loss, being the difference between the net disposal proceeds, if any, and the carrying amount, is included in the interim statement of comprehensive income.

e. *Impairment of tangible and intangible assets*

At each interim statement of financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the interim statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior periods. A reversal of an impairment loss is recognized immediately in the interim statement of comprehensive income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

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f. *Financial liabilities*

Financial liabilities include trade and other payables. Trade payables, that have a fixed or determinable payments, that are not quoted in active market and other payables are stated at cost. The carrying value is not materially different from their fair value.

g. *Related parties*

Related parties are considered to be related because they have the ability to exercise control over the company or to exercise significant influence or joint control over the company's financial and operating decisions. Further, parties are considered related to the company when the company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties. Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties. At the statement of financial position date, the related party -payable is stated at the net realizable value.

h. *Provisions*

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the interim statement of financial position date, that is, the amount that the company would rationally pay to settle the obligation at the interim statement of financial position date or to transfer it to a third party.

Provisions reviewed and adjusted at each interim statement of financial position date. If outflows, to settle the provisions, are no longer probable, reverse of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

i. *End of service benefits obligation*

End of service benefits obligation for employees is accounted for in accordance with U.A.E. Labour Law.

j. *Leave and leave passage*

A provision is made for the estimated liability for employees' entitlement to annual leave and annual leave passage as a result of services rendered by the employees up to the reporting date

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
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k. *Statutory reserve*

In accordance with the requirements of the UAE Federal Commercial Companies Law No. 2 of 2015 and the Company's Articles of Association, an amount equals to 10% of the company's annual net profit is transferred to a statutory reserve until such reserve equals 50% of the company's paid up share capital. This reserve is not available for distribution.

l. *Revenue recognition*

i) *Commission income*

Commission income represents the invoiced value of brokerage services provided by the company during the year, and are recognized in profit or loss at the related services are performed.

ii) *Interest income*

Interest income is recognized in profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset the carrying amount of it. When calculating the effective interest rate, the company estimates future cash flows considering all contractual terms of the financial asset.

m. *Foreign currency*

The interim financial statements are presented in the currency of the primary economic environment in which the company operates (its functional currency). In preparing the interim financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each interim statement of financial position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the interim statement of financial position date (closing rate). Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous interim financial statements shall be recognized in the interim statement of comprehensive income in the period in which they arise.



**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
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n. *Contingent liabilities*

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably. Contingent liabilities are not recognized in the interim financial statements.

o. *Critical accounting judgments and key sources of estimation uncertainty*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. **CASH AND CASH EQUIVALENTS**

This item consists of the following:

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Cash in hand	1,767	2,640
Cash at banks - current accounts	21,644,609	24,815,100
Bank fixed deposit	25,700,000	18,000,000
<b>Total - Exhibit A &amp; D</b>	<u><u>47,346,376</u></u>	<u><u>42,817,740</u></u>

5. **TRADE RECEIVABLES AND PREPAYMENTS**

This item consists of the following:

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>
Settlement account with financial markets	----	6,646,045
Receivable from client	317,729	717,672
Prepaid expenses	842,432	437,195
Security deposits	2,104,880	2,108,800
Other	69,337	117,950
<b>Total - Exhibit A</b>	<u><u>3,334,378</u></u>	<u><u>10,027,662</u></u>

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
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6. **TRADE AND OTHER PAYABLES**

This item consists of the following:	<b><u>31 March 2018</u></b>	<b><u>31 December 2017</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
Payables to customers	7,265,586	7,605,335
Settlement account with financial markets	3,527,692	6,452,485
Provision for bonus to staff	81,888	209,839
Others	193,661	419,638
<b>Total - Exhibit A</b>	<b><u>11,068,827</u></b>	<b><u>14,687,297</u></b>

7. **OTHER LIABILITY**

This item consists of the following:	<b><u>31 March 2018</u></b>	<b><u>31 December 2017</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
Value added Tax - payable	30,930	----
<b>Total - Exhibit A</b>	<b><u>30,930</u></b>	<b><u>----</u></b>

8. **EMPLOYEE END OF SERVICE BENEFITS**

Details of movement in this account during the period / year are as follows:

	<b><u>31 March 2018</u></b>	<b><u>31 December 2017</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
Balance at 1 January	268,067	209,386
Charge during the period / year	33,115	93,261
Settlement during the period / year	----	(34,580)
<b>Balance - Exhibit A</b>	<b><u>301,182</u></b>	<b><u>268,067</u></b>

9. **SHARE CAPITAL**

a) This item consists of the following:	<b><u>31 March 2018</u></b>	<b><u>31 December 2017</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Audited)</u></b>
Authorized, issued and paid in 50,000,000 equity shares of AED 1 each	<b><u>50,000,000</u></b>	<b><u>30,000,000</u></b>
<b>Balance as of 31 March / 31 December - Exhibit A &amp; C</b>	<b><u>50,000,000</u></b>	<b><u>30,000,000</u></b>

b) The share capital is maintained in accordance with Circular No. 45/2006 dated 18 December 2006 issued by ESCA.

c) The company increased its capital from AED 30,000,000 to AED 50,000,000 as per notarized amended article of association dated 29 January 2018.



**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**  
**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

10. **RELATED PARTIES**

- a) The company in the normal course of business conducts transactions with enterprises which fall within the definition of related parties as described by the International Financial Reporting Standards. The transaction with related parties are primarily financing in nature.

*DUE TO THE ULTIMATE PARENT*

This item consists of the following :

	<u>31 March 2018</u> <u>(Unaudited)</u>	<u>31 December 2017</u> <u>(Audited)</u>
Securities and Investment Company BSC© - Financing	19,455,664	19,455,664
Securities and Investment Company BSC© - Operating	5,987,067	10,150,540
<b>Total - Exhibit A</b>	<b><u>25,442,731</u></b>	<b><u>29,606,204</u></b>

*Due to the ultimate parent*

This item consists of the following :

	<u>31 March 2018</u> <u>(Unaudited)</u>	<u>31 December 2017</u> <u>(Audited)</u>
Towards Trades (customer payable)	6,014,153	10,154,809

- b) On 4 June 2014, the parent 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 of margin trading. This facility is currently interest free.

c) *Transaction with ultimate parent*

	<u>31 March 2018</u> <u>(Unaudited)</u>	<u>31 March 2017</u> <u>(Unaudited)</u>
Total transaction amount	343,088,058	290,027,993
Commission income	438,548	364,122
Interest on loan	----	2,401

d) *Transaction with key management personnel*

	<u>31 March 2018</u> <u>(Unaudited)</u>	<u>31 March 2017</u> <u>(Unaudited)</u>
Short term employee benefits	535,310	573,297
Post-employment benefits	11,866	14,145

**SICO FINANCIAL BROKERAGE L.L.C**  
**ABU DHABI - UNITED ARAB EMIRATES**

**NOTES TO INTERIM FINANCIAL STATEMENTS**

**(AMOUNTS ARE EXPRESSED IN U.A.E. DIRHAMS)**

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**11. CONTINGENT LIABILITIES**

i) This item consists of the following:

	<u>31 March 2018</u>	<u>31 December 2017</u>
	<u>(Unaudited)</u>	<u>(Audited)</u>

Letters of guarantee	50,000,000	50,000,000
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ii) The company has letters of guarantee in the amount of AED 50 million (31 December 2016 : AED 50 million) in favour of Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) in accordance with the requirements issued by the Securities and Commodities Authority.

**12. LITIGATION**

During the year 2013, the company was served notice of legal action brought against it jointly with a third party by one of the company's old customers.

The plaintiff claimed damages of AED 10 million resulting from a fraudulent transaction carried out by the third party and allegedly one of the old employees of the company. The transaction took place prior to the acquisition of the entire shares of the company by the current shareholders when the company's name was CI Capital Gulf Financial Brokerage Company L.L.C.

The current shareholders included a clause in the sale and purchase agreement that exonerate the company from any legal action related to any incident prior to the purchase date of 15 September 2011 and places the liability on the old shareholders.

The civil case in relation to the above claim is under suspension by the court and at this stage of the action, we believe there is no need for provision to be created in these consolidated financial statements, unless the civil case is taken up by the court and a possible claim is envisaged.

**13. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to comply with the interim financial statements presentation for the current year.

**14. GENERAL**

The figures in the interim financial statements are rounded to the nearest Dirham of United Arab Emirates.