SICO Financial Brokerage L.L.C.

Condensed Interim Financial Statements
(Unaudited)

For the period ended 30 September 2019

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Condensed Interim Financial Statements

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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 of 30 September 2019 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 nine-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, "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 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Other matter

The interim financial statements as at and for the nine-month period ended 30 September 2018 were reviewed by another auditor, who expressed an unmodified review conclusion dated 14 October 2018.

The financial statements as at and for the year ended 31 December 2018 were audited by another auditor, who expressed an unmodified opinion on those statements on 13 January 2019.

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Date: 06 November 2019

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

Condensed interim statement of financial position
As at 30 September 2019

	Notes	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**72,320,890**	70,492,495
Trade and other receivables	5	**311,027**	1,800,735
Margin loans	6	**32,442,900**	1,695,023
Other current assets	7	**907,229**	3,483,298
TOTAL CURRENT ASSETS		**105,982,046**	77,471,551
NON-CURRENT ASSETS			
Intangible assets	8	**46,304**	50,557
Property and equipment	9	**1,907,043**	459,690
TOTAL NON-CURRENT ASSETS		**1,953,347**	510,247
TOTAL ASSETS		**107,935,393**	77,981,798
EQUITY AND LIABILITIES			
EQUITY			
Share capital	10	**50,000,000**	50,000,000
Shareholder's contribution	10	**19,455,664**	-
Statutory reserve	10	**2,362,215**	2,362,215
Accumulated loss		**(25,460,538)**	(23,984,684)
TOTAL EQUITY		**46,357,341**	28,377,531
LIABILITIES			
CURRENT LIABILITIES			
Lease liability – current	11	**237,895**	-
Trade and other payables	12	**33,852,676**	22,272,697
Due to a related party	13	**26,211,366**	26,991,703
TOTAL CURRENT LIABILITIES		**60,301,937**	49,264,400
NON-CURRENT LIABILITIES			
Lease liability – non-current	11	**853,215**	-
Provision for employees' end of service benefits	14	**422,900**	339,867
TOTAL NON-CURRENT LIABILITIES		**1,276,115**	339,867
TOTAL LIABILITIES		**61,578,052**	49,604,267
TOTAL EQUITY AND LIABILITIES		**107,935,393**	77,981,798

These condensed interim financial statements were approved by the Board of Directors on 06 November 2019 and signed on their behalf by:

Najla Shirawi
Chairman

Anantha Narayanan
Vice Chairman

The accompanying notes from 1 to 23 form an integral part of these condensed interim financial statements.

Condensed interim statement of comprehensive income
For the period ended 30 September 2019

	Notes	**(Unaudited) Three-month period ended 30 September 2019 AED**	(Unaudited) Three-month period ended 30 September 2018 AED	**(Unaudited) Nine-month period ended 30 September 2019 AED**	(Unaudited) Nine-month period ended 30 September 2018 AED
REVENUE					
Brokerage commission revenue		**1,169,695**	774,117	**3,260,305**	2,893,299
Interest income	4, 6	**183,018**	192,906	**483,151**	710,624
Other income		**-**	119,922	**2,775**	199,713
		1,352,713	1,086,945	**3,746,231**	3,803,636
EXPENSES					
General and administrative expenses	15	**1,363,694**	1,378,161	**4,265,410**	4,119,534
Finance costs		**139,014**	177,126	**532,741**	557,061
Commission and rebate		**3,803**	62,478	**144,500**	554,027
Depreciation and amortization expense	8, 9	**114,012**	11,543	**279,434**	36,221
		1,620,523	1,629,308	**5,222,085**	5,266,843
Net loss for the period		**(267,810)**	(542,363)	**(1,475,854)**	(1,463,207)
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive loss for the period		**(267,810)**	(542,363)	**(1,475,854)**	(1,463,207)

The accompanying notes from 1 to 23 form an integral part of these condensed interim financial statements.

Condensed interim statement of changes in equity
For the period ended 30 September 2019

	Share capital AED	Contributed capital AED	Shareholder's contribution	Statutory reserve AED	Accumulated losses AED	Total equity AED
Balance as at 1 January 2019 (Audited)	50,000,000	-	-	2,362,215	(23,984,684)	28,377,531
Shareholder's contribution	-	-	19,455,664	-	-	19,455,664
Net loss/total comprehensive loss for the period	-	-	-	-	(1,475,854)	(1,475,854)
Balance as at 30 September 2019 (Unaudited)	**50,000,000**	**-**	**19,455,664**	**2,362,215**	**(25,460,538)**	**46,357,341**
Balance as at 1 January 2018 (Audited)	30,000,000	20,000,000	-	2,362,215	(21,996,633)	30,365,582
Transfer to share capital	20,000,000	(20,000,000)	-	-	-	-
Net loss/total comprehensive loss for the period	-	-	-	-	(1,463,207)	(1,463,207)
Balance as at 30 September 2018 (Unaudited)	50,000,000	-	-	2,362,215	(23,459,840)	28,902,375

The accompanying notes from 1 to 23 form an integral part of these condensed interim financial statements.

Condensed interim statement of cash flows
For the period ended 30 September 2019

	Notes	(Unaudited) Nine-month period ended 30 September 2019 AED	(Unaudited) Nine-month period ended 30 September 2018 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss for the period		**(1,475,854)**	(1,463,207)
Adjustments for non-cash items:			
Finance cost		**532,741**	557,061
Depreciation of property and equipment	9	**275,181**	36,221
Provision for employees' end of service benefits	14	**94,833**	76,712
Amortisation of intangible assets	8	**4,253**	-
Interest income	4, 6	**(483,151)**	(828,752)
Operating loss before changes in working capital		**(1,051,997)**	(1,621,965)
Changes in working capital			
Change in trade and other receivables		**1,484,015**	7,044,786
Change in other current assets		**2,287,069**	(4,924)
Change in margin loans		**(30,747,877)**	4,408,445
Change in trade and other payables		**11,579,979**	22,048,484
Change in due to related party		**18,675,327**	(16,037,406)
Cash generated from operations		**2,226,516**	15,837,420
Payment for provision of end of service benefit		**(11,800)**	(27,194)
Interest received on margin loans	6	**106,356**	710,624
Net cash generated from operating activities		**2,321,072**	16,520,850
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on fixed deposits	4	**376,795**	118,128
Payments for purchase of property and equipment	9	**(372,111)**	(36,744)
Net cash generated from investing activities		**4,684**	81,384
CASH FLOW FROM FINANCING ACTIVITY			
Finance cost paid		**(497,361)**	(557,061)
Net cash used in financing activity		**(497,361)**	(557,061)
Net increase in cash and cash equivalents		**1,828,395**	16,045,173
Cash and cash equivalents, beginning of period		**70,492,495**	42,817,740
Cash and cash equivalents, end of period	4	**72,320,890**	58,862,913

The accompanying notes from 1 to 23 form an integral part of these condensed interim financial statements.

Notes to the condensed interim financial statements
For the period ended 30 September 2019

1 Legal status and activities

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 ("SCA") on 13 May 2002 and its registered head office 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 Securities Exchange, Dubai Financial Market 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), a Bahrain-based GCC asset manager, broker and investment bank.

2 General information

2.1 Statement of compliance

The condensed 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 nine-month period ended 30 September 2019 and are presented in currency units United Arab Emirates Dirham (AED) which is the functional 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 'Interim Financial Reporting'. 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 2018. In addition, the results for the nine-month period ended 30 September 2019 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2019.

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 2018 except for the adoption of new standards and interpretations effective 1 January 2019.

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards

Standards, interpretations and amendments to existing standards that are effective in 2019

The Company has adopted the following standards starting 1 January 2019 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Company's financial statements.

Standards, interpretations and amendments to existing standards that are effective in 2019 (continued)

Standard number	Title	Effective date
IFRS 16	Leases - New	1 January 2019

IFRS 16 Leases

IFRS 16 is effective from periods beginning on or after 1 January 2019.

IFRS 16 specifies how an IFRS reporter recognises, measures, presents and discloses leases. The Standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

Transition

The Company has initially applied IFRS 16 at 1 January 2019. It has applied IFRS 16 using the cumulative effect method, under which the comparative information is not restated. The Company has assessed that IFRS 16 has no significant impact on the Company's retained earnings as at 1 January 2019.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets, the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 January 2019. At this date, the Company has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 5%.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards

Standards, interpretations and amendments to existing standards that are effective in 2019 (continued)

Other pronouncements

Other accounting pronouncements which have become effective from 1 January 2019 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

These amendments do not have a significant impact on these condensed interim financial statements and therefore the disclosures have not been made.

3 Summary of significant accounting policies

3.1 Accounting convention

These financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, income and expense. The measurement bases are described in more detail in the accounting policies.

3.2 Financial instruments

Financial instruments

Financial instruments are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognised on the trade date.

Financial assets

Recognition and measurement

The Company has the following financial assets: cash and cash equivalents, trade and other receivables, margin loans and other current assets (excluding prepaid expenses and value added tax). These financial assets are classified as 'financial assets at amortised cost' based on the following:

- the Company's business model is to hold them in order to collect contractual cash flows; and
- the contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash consists of cash on hand and in banks and valued at face amount. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three (3) months or less and are subject to an insignificant risk of change in value.

3 Summary of significant accounting policies (continued)

3.2 Financial instruments (continued)

Financial assets (continued)

Recognition and measurement (continued)

Subsequent to initial recognition, these assets are subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

The amortised cost is reduced by impairment losses. Interest income and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

Impairment of financial assets

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for those financial instruments on which credit risk has not increased significantly since their initial recognition, in which case 12-month ECL are measured.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after reporting date.

Measurement of ECL

ECL are probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Derecognition of financial assets

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

3 Summary of significant accounting policies (continued)

3.2 Financial instruments (continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other payables are classified as 'financial liabilities' and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term liabilities when the recognition of interest is immaterial.

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

Derecognition of financial liabilities

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

Offsetting financial instruments

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

This is not generally the case with master netting agreements, thus the related financial assets and financial liabilities are presented on a gross basis in the statements of financial position.

3.3 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

3 Summary of significant accounting policies (continued)

3.3 Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

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

The Company's intangible assets consists of software and programs with estimated useful lives of 3-10 years.

3.4 Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any impairment losses. Depreciation is charged on a straight-line basis over the estimated useful lives of the property and equipment. The rates of depreciation used are based on the following estimated useful lives of the assets:

	Years
Furnitures and fixtures	3 – 5
Computers and equipment	3
Motor vehicles	3

Material residual value estimates and estimates of useful life are updated as required, but at least annually. Gains or losses arising on the disposal of property and equipment are determined as the difference between the disposal proceeds and the net carrying amount of the assets and are recognised in profit or loss.

3.5 Impairment of non-financial assets

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

The recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the 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.

3 Summary of significant accounting policies (continued)

3.5 Impairment of non-financial assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the 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.

3.6 Revenue recognition

Revenue from contracts with customers

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company 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 Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

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

a) The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance completed to date.
b) The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives or consumes the benefits provided by the Company's performance as the Company's performs.

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

3 Summary of significant accounting policies (continued)

3.6 Revenue recognition (continued)

Revenue from contracts with customers (continued)

When the Company satisfies a performance obligation by delivering the promised goods or service, 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 recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

Brokerage commission revenue

Revenue is recognised when service is rendered to the customer upon execution of sale and purchase orders according to the brokerage commission rates prevailing in the local securities market.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest income consists of interest income from margin loans and interest income from fixed deposits.

3.7 Expenses

Expenses are recognised when decrease in future economic benefits related to a decrease of an asset or an increase of a liability occurs that can be measured reliably. Expenses are recognised when incurred.

3.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered such as paid vacation leave and bonuses) is recognised in the period in which the service is rendered.

Provision for employees' end of service benefits

A provision for employees' end of service benefits is made for the full amount due to employees for their periods of service up to the reporting date in accordance with the UAE Labour Law and is reported as a separate line item under non-current liabilities.

The entitlement to end of service benefits is based upon the employees salary and length of service, subject to the completion of a minimum service period as specified in the UAE Labour Law. The expected costs of these benefits are accrued over the period of employment.

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

3 Summary of significant accounting policies (continued)

3.9 Finance costs

Finance costs include bank charges and interest on lease. Finance costs are recognised using the effective interest method.

3.10 Foreign currency transactions

Transactions in foreign currencies are translated to AED at the foreign exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to AED at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.11 Leases

The Company as a Lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

3 Summary of significant accounting policies (continued)

3.11 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in property and equipment (except those meeting the definition of investment property) and lease liabilities have been presented separately under current and non-current liabilities.

3.12 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. Transaction with related parties normally comprise the transfer of resources, services or obligations between the parties.

3.13 Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised, unless it was assumed in the course of a business combination.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

3 Summary of significant accounting policies (continued)

3.14 Equity and reserves

Share capital represents the nominal value of shares that have been issued. Other details for reserves are mentioned in note 10 to the financial statements.

3.15 Critical accounting estimates and judgements in applying accounting policies

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are summarised below:

Impairment of financial assets

Management has estimated the recoverability of financial assets and has considered the allowance required for impaired financial assets based on prior experience, current economic environment and forecast of future economic conditions in accordance with IFRS 9. Management has estimated for the impairment losses on financial assets based on future cash flows estimated at the end of reporting period. As at 30 September 2019 and 31 December 2018, the management assessed that all its financial assets are not impaired. As such, there were no ECL recognised on the Company's financial assets.

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

4 Cash and cash equivalents

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Cash on hand	**11,095**	5,857
Cash in banks - current accounts	**67,309,243**	28,786,638
Treasury bill	**5,000,552**	-
Fixed deposits	**-**	41,700,000
	72,320,890	70,492,495

Interest income from fixed deposits with bank for the nine-month period ended 30 September 2019 amounted to AED 376,795 (30 September 2018: AED 118,128).

5 Trade and other receivables

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Trade receivables	**37,124**	14,076
Net settlement due from Abu Dhabi Securities Exchange	**273,903**	1,786,659
	311,027	1,800,735

The ageing for the trade receivables is as follows:

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
1 – 90 days	**36,461**	13,274
More than 90 days	**663**	802
Total	**37,124**	14,076

As at 30 September 2019 and 31 December 2018, the management assessed that all its financial assets are not impaired. As such, there were no ECL recognised on the Company's financial assets.

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

6 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 they need to provide additional margin in the form of cash and securities, if the value of their portfolio reaches the 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 September 2019, the carrying amount of the margin loans is AED 32,442,900 (31 December 2018: AED 1,695,023)

The fair value of securities held as collateral against the margin trading facilities as at the reporting date amounts to AED 66,614,071 (31 December 2018: AED 8,129,712).

As at 30 September 2019, the commitments extended to customer for margin loan has an undrawn limit of AED 1,857,100 (31 December 2018: AED 674,976)

Interest earned from margin loans for the nine-month period ended 30 September 2019 amounted to AED 106,356 (30 September 2018: AED 710,624)

7 Other current assets

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Prepaid expenses	**629,630**	571,442
Security deposits	**35,900**	2,705,000
Value-added tax – net	**-**	5,547
Others	**241,699**	201,309
	907,229	3,483,298

8 Intangible assets

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Cost	**883,192**	883,192
Accumulated amortisation		
Balance at 1 January	**832,635**	811,636
Amortisation for the period/year	**4,253**	20,999
Balance at 31 December	**836,888**	832,635
Carrying amount	**46,304**	50,557

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

9 Property and equipment

	Furniture and fixtures AED	Computer and equipment AED	Motor vehicles AED	Leasehold improvements AED	Right-of-use asset AED	Total AED
Cost						
At 1 January 2018 (Audited)	989,010	1,436,334	58,000	-	-	2,483,344
Additions during the year	5,426	40,949	-	415,271	-	461,646
At 31 December 2018 (Audited)	994,436	1,477,283	58,000	415,271	-	2,944,990
Additions during the period	370,779	1,332	-	-	1,350,423	1,722,534
Transfers during the period	415,271	-	-	(415,271)	-	-
At 30 September 2019 (Unaudited)	**1,780,486**	**1,478,615**	**58,000**	**-**	**1,350,423**	**4,667,524**
Accumulated depreciation						
At 1 January 2018 (Audited)	983,671	1,419,712	58,000	-	-	2,461,383
Charge for the year	2,519	21,398	-	-	-	23,917
At 31 December 2018 (Audited)	986,190	1,441,110	58,000	-	-	2,485,300
Charge for the period	77,759	17,366	-	-	180,056	275,181
At 30 September 2019 (Unaudited)	**1,063,949**	**1,458,476**	**58,000**	**-**	**180,056**	**2,760,481**
Carrying amount						
As at 30 September 2019 (Unaudited)	**716,537**	**20,139**	**-**	**-**	**1,170,367**	**1,907,043**
As at 31 December 2018 (Audited)	8,246	36,173	-	415,271	-	459,690

During the period ended 30 September 2019, leasehold improvements amounting to AED 415,271 has been reclassified to furniture and fixtures.

In addition, purchases of furniture and fixtures and computer and equipment amounting to AED 370,779 and AED 1,332, respectively, were made.

10 Share capital 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
Name of shareholders			
SICO BSC(c)	99%	49,500	49,500,000
SICO Ventures Company SPC	1%	500	500,000
Total	**100%**	**50,000**	**50,000,000**

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 2019, 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 liabilities to equity as shareholder's contribution (i.e. SICO BSC(c)).

Statutory 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.

11 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 September 2019 are as follows:

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Within one year	**237,895**	-
One to five years	**853,215**	-
	1,091,110	-

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 35,380 for the nine-month period ended 30 September 2019.

12 Trade and other payables

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Trade payables	**32,152,504**	21,664,592
Net settlement account with Abu Dhabi Securities Exchange	**-**	263,890
Net settlement account with Dubai Financial Market	**1,370,075**	-
Provision for staff bonus	**174,867**	202,620
Value added tax - net	**28,589**	-
Other payables	**126,641**	141,595
	33,852,676	22,272,697

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

13 Related parties

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

a) Due to the Parent Company

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
SICO BSC (c) – Financing	-	19,455,664
SICO BSC (c) – Operating	**26,211,366**	7,536,039
	26,211,366	26,991,703

b) Transactions with Parent Company

	(Unaudited) Nine-month period ended 30 September 2019 AED	(Unaudited) Nine-month period ended 30 September 2018 AED
Commission income	**1,803,901**	731,333

c) Transactions with key management personnel

	(Unaudited) Nine-month period ended 30 September 2019 AED	(Unaudited) Nine-month period ended 30 September 2018 AED
Short term employee benefits	**574,690**	535,310
Post-employment benefits	**13,369**	12,303

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

14 Provision for employees' end of service benefits

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Balance at 1 January (Audited)	**339,867**	268,067
Charge during the year – Note 15	**94,833**	98,994
Settlement during the year	**(11,800)**	(27,194)
Ending balance	**422,900**	339,867

15 General and administrative expenses

	(Unaudited) Nine-month period ended 30 September 2019 AED	(Unaudited) Nine-month period ended 30 September 2018 AED
Salaries and related benefits	**2,594,589**	2,360,378
Software and licensing	**984,877**	973,379
Utilities	**177,947**	131,434
Rent expense	**115,298**	281,649
End of service benefits - Note 14	**94,833**	76,712
Professional fees	**36,638**	46,229
Insurance	**35,639**	35,681
Other expenses	**225,589**	214,072
	4,265,410	4,119,534

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

16 Risk management

The Company monitors and manages the financial risks relating to its business and operations. These risks include credit risk, interest rate risk, foreign currency risk, operational risk and liquidity risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The Company maintains a record of the payment history for significant contract holders with whom it conducts regular business. The exposure to individual counterparties is also managed by other mechanisms, such as the right of offset where counterparties are both debtors and creditors of the Company. Management information reported to the Company includes details of provisions for impairment and subsequent write offs.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk for such receivables and liquid funds without taking into account the value of any collateral obtained. Financial assets which potentially subject the Company to concentrations of credit risk principally consist of current and call accounts, fixed deposits with banks and trade receivables. The current accounts and cash equivalents with banks are with high credit quality financial institutions.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on cash equivalents and margin loans.

The Company's exposure to cash equivalents is not significant as this instrument has fixed interest rates and maturities.

The interest rates for margin loans and bank overdrafts are subject to periodic revisions and prevailing bank interest rates.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies, however the AED is pegged to the US Dollar which does not imposes risk due to fluctuations in exchange rates during the year. The Company maintains policies and procedures to manage the exchange rate risk exposure.

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

16 Risk management (continued)

Operational risk

The Company maintained an adequate capital to cover its operational risk in accordance with the SCA. The Company used fixed expenditure shown in the results of the previous financial year to calculate the capital requirement for its operational risk.

Capital management

The regulator, SCA, sets and monitors capital requirements for the Company.

The Board's policy is to maintain a strong capital base so as to maintain customers and market confidence and to sustain future development of the business.

At 30 September 2019, the Company's capital adequacy ratio as per the SCA Circular (12/R) of 2010 is 5.55 (31 December 2018: 13.51).

According to SCA a brokerage firm must allocate capital to constitute a buffer for credit risk, or operational risk, whether incorporated as a budget item or not, according to the percentages.

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Tier 1 Capital	**30,883,677**	28,326,975
Tier 2 Capital	**15,427,358**	19,455,664
Tier 3 Capital	**-**	-
Total capital base	**46,311,035**	47,782,639
Capital requirement	**8,351,457**	3,537,382
Capital adequacy ratio	**5.55**	13.51

Tier 1 capital includes equity and capital contributions by the shareholders, after deducting losses during the running fiscal year, as well as intangible assets.

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

16 Risk management (continued)

Liquidity risk

The Company's Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors.

The following table shows the maturity dates of the Company's financial assets and liabilities as at 30 September 2019 (Unaudited).

	Less than 1 year AED	More than 1 year AED	Total AED
Financial assets			
Cash and cash equivalents	**72,320,890**	**-**	**72,320,890**
Trade and other receivables	**311,027**	**-**	**311,027**
Margin loans	**32,442,900**	**-**	**32,442,900**
Other current assets (excluding prepaid expenses)	**277,599**	**-**	**277,599**
	105,352,416	**-**	**105,352,416**
Financial liabilities			
Lease liability	**237,895**	**853,215**	**1,091,110**
Trade and other payables (excluding VAT)	**33,824,087**	**-**	**33,824,087**
Due to related party	**26,211,366**	**-**	**26,211,366**
	60,273,348	**853,215**	**61,126,563**

The following table shows the maturity dates of the Company's financial assets and liabilities as at 31 December 2018 (Audited).

	Less than 1 year AED	More than 1 year AED	Total AED
Financial assets			
Cash and cash equivalents	70,492,495	-	70,492,495
Trade and other receivables	1,800,735	-	1,800,735
Margin loans	1,695,023	-	1,695,023
Other current asset (excluding prepaid expenses and VAT)	2,906,309	-	2,906,309
	76,894,562	-	76,894,562
Financial liabilities			
Trade and other payables	22,272,697	-	22,272,697
Due to related party	26,991,703	-	26,991,703
	49,264,400	-	49,264,400

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

17 Financial assets and liabilities

	(Unaudited) 30 September 2019 AED	(Audited) 31 December 2018 AED
Financial assets		
Cash and cash equivalents	**72,320,890**	70,492,495
Trade and other receivables	**311,027**	1,800,735
Margin loans	**32,442,900**	1,695,023
Other current assets (excluding prepaid expenses and VAT)	**277,599**	2,906,309
	105,352,416	76,894,562
Financial liabilities		
Lease liability	**1,091,110**	-
Trade and other payables (excluding VAT)	**33,824,087**	22,272,697
Due to related party	**26,211,366**	26,991,703
	61,126,563	49,264,400

18 Fair value of financial instruments

As at 30 September 2019 and 31 December 2018, the fair value of cash and cash equivalents, trade and other receivables, margin loans, other current asset (excluding prepaid expenses and VAT), trade and other payables(excluding VAT) and due to related party approximate their carrying amounts due to relatively short-term nature of these instruments.

19 Contingent liabilities

The Company has letters of guarantee in the amount of AED 55,000,000 (31 December 2018: AED 50,000,000 million) in favor of Abu Dhabi Securities Exchange (ADX), Dubai Financial Market (DFM) and NASDAQ Dubai Limited in accordance with the requirements issued by the SCA.

20 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.

Notes to the condensed interim financial statements (continued)
For the period ended 30 September 2019

20 Litigation (continued)

The first instance court issued its judgment on 30 April 2019 and ruled to oblige the first defendant (same UAE National found guilty in the criminal court) only, to pay an amount of AED 6,927,031 to the plaintiff in addition to the legal interest 5% annually starting from the date of filing this case 06/08/2013.

The Company received a notification from the court which stated that the Plaintiff submitted an appeal before Abu Dhabi courts and requested to schedule a hearing for the civil case in relation to the above claim. The first meeting was held on 20 August 2019. The Company filed a sub-appeal and the court scheduled the next hearing that will be held on 27 November 2019. As at 30 September 2019, management believe there is no need for provision to be created in these condensed financial statements since payment is not probable.

21 Comparative figures

Certain comparative figures have been reclassified in order to conform to the current presentation and improve the quality of information presented. However, there was no effect on previously reported total assets, total equity, total liabilities as at 31 December 2018 and total comprehensive income for the period ended 31 December 2018.

22 Post reporting date events

No adjusting or significant non-adjusting events occurred between the reporting date and the date of authorization of the condensed interim financial statements.

23 Approval of condensed interim financial statements

The condensed interim financial statements were approved and authorized for issue by the Board of Directors on 06 November 2019.