SICO Financial Brokerage L.L.C.

Condensed Interim Financial Information
(Unaudited)
For the nine-month period ended 30 September 2022

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Condensed Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SICO Financial Brokerage L.L.C. (the "Company") as at 30 September 2022 and the related condensed interim statement of comprehensive income for the three-month and nine-month periods then ended, statements of changes in equity and cash flows for the nine-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 ("IAS 34") *Interim Financial Reporting.* Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not present fairly, in all material respects, the financial position of the Company as at 30 September 2022, and its financial performance for the three-month and nine-month periods then ended and its cash flows for the nine-month period then ended in accordance with IAS 34 *Interim Financial Reporting.*

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Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 3 November 2022

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

Condensed interim statement of financial position
As at 30 September 2022

	Notes	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
ASSETS			
Non-current assets			
Property and equipment		**632,708**	952,084
Intangible assets		**99,296**	102,237
TOTAL NON-CURRENT ASSETS		**732,004**	1,054,321
Current assets			
Margin loans	7	**40,578,663**	39,350,122
Trade and other receivables	6	**3,520**	201,473
Other current assets		**1,731,749**	1,510,339
Cash and cash equivalents	5	**23,921,799**	44,989,350
TOTAL CURRENT ASSETS		**66,235,731**	86,051,284
TOTAL ASSETS		**66,967,735**	87,105,605
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	8	**50,000,000**	50,000,000
Shareholder's contribution	8	**19,455,664**	19,455,664
Legal reserve	8	**2,554,900**	2,554,900
Accumulated losses		**(23,009,218)**	(23,537,192)
TOTAL EQUITY		**49,001,346**	48,473,372
LIABILITIES			
Non-current liabilities			
Lease liability	9	**-**	317,001
Provision for employees' end-of-service benefits	12	**950,380**	826,326
TOTAL NON-CURRENT LIABILITIES		**950,380**	1,143,327
Current liabilities			
Lease liability	9	**313,046**	286,234
Trade and other payables	10	**8,593,925**	21,277,974
Due to a related party	11	**8,109,038**	15,924,698
TOTAL CURRENT LIABILITIES		**17,016,009**	37,488,906
TOTAL LIABILITIES		**17,966,389**	38,632,233
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**66,967,735**	87,105,605

This condensed interim financial information was approved by the Board of Directors on 3 November 2022 and signed on their behalf by:

Najla Shirawi
Chairman

Anantha Narayanan
Vice Chairman

The accompanying notes from 1 to 15 form an integral part of this condensed interim financial information.

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

Condensed interim statement of comprehensive income
For the nine-month period ended 30 September 2022

	Notes	**(Unaudited) Three-month period ended 30 September 2022 AED**	(Unaudited) Three-month period ended 30 September 2021 AED	**(Unaudited) Nine-month period ended 30 September 2022 AED**	(Unaudited) Nine-month period ended 30 September 2021 AED
REVENUE					
Brokerage commission revenue		**840,193**	745,906	**3,295,315**	2,652,292
Interest income	7	**752,689**	798,290	**2,278,379**	2,447,627
		1,592,882	1,544,196	**5,573,694**	5,099,919
EXPENSES					
General and administrative expenses	13	**(1,469,869)**	(1,485,409)	**(4,551,187)**	(4,420,308)
Finance costs		**(49,493)**	(52,259)	**(150,629)**	(161,627)
Depreciation and amortisation expense		**(114,662)**	(112,121)	**(343,904)**	(332,922)
		(1,634,024)	(1,649,789)	**(5,045,720)**	(4,914,857)
Profit /(loss) for the period		**(41,142)**	(105,593)	**527,974**	185,062
Other comprehensive income for the period		**-**	-	**-**	-
Total comprehensive income/(loss) for the period		**(41,142)**	(105,593)	**527,974**	185,062

The accompanying notes from 1 to 15 form an integral part of this condensed interim financial information.

Condensed interim statement of changes in equity
For the nine-month period ended 30 September 2022

	Share capital AED	Shareholders' contribution AED	Legal reserve AED	Accumulated losses AED	Total equity AED
Balance as at 1 January 2022 (Audited)	**50,000,000**	**19,455,664**	**2,554,900**	**(23,537,192)**	**48,473,372**
Total comprehensive income for the period	**-**	**-**	**-**	**527,974**	**527,974**
Balance as at 30 September 2022 (Unaudited)	**50,000,000**	**19,455,664**	**2,554,900**	**(23,009,218)**	**49,001,346**
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	-	-	-	185,062	185,062
Balance as at 30 September 2021 (Unaudited)	50,000,000	19,455,664	2,469,766	(24,118,343)	47,807,087

The accompanying notes from 1 to 15 form an integral part of this condensed interim financial information.

Condensed interim statement of cash flows
For the nine-month period ended 30 September 2022

	Note	(Unaudited) Nine-month period ended 30 September 2022 AED	(Unaudited) Nine-month period ended 30 September 2021 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**527,974**	185,062
Adjustments for non-cash items:			
Finance costs		**137,268**	138,158
Interest on lease liability		**13,361**	23,468
Depreciation of property and equipment		**333,622**	326,134
Provision for employees' end-of-service benefits		**150,825**	101,436
Amortisation of intangible assets		**10,282**	6,788
Interest income	7	**(2,278,379)**	(2,447,627)
Operating losses before changes in working capital		**(1,105,047)**	(1,666,581)
Changes in working capital			
Change in margin loans		**(1,228,541)**	8,941,568
Change in trade and other receivables and other current assets		**(23,457)**	137,441
Change in trade and other payables		**(12,684,049)**	5,209,855
Change in due to a related party		**(7,815,660)**	(14,664,049)
Cash used in operations		**(22,856,754)**	(2,041,766)
Interest received on margin loans		**2,278,379**	2,447,627
Payment for employees' end-of-service benefits		**(26,771)**	-
Net cash (used in) / generated from operating activities		**(20,605,146)**	405,861
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible asset		**(7,341)**	(73,052)
Purchase of property and equipment		**(14,246)**	(10,399)
Net cash used in investing activities		**(21,587)**	(83,451)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		**(303,550)**	(289,000)
Finance cost paid		**(137,268)**	(138,158)
Net cash used in financing activities		**(440,818)**	(427,158)
Net decrease in cash and cash equivalents		**(21,067,551)**	(104,748)
Cash and cash equivalents, beginning of period		**44,989,350**	43,074,640
Cash and cash equivalents, end of period	5	**23,921,799**	42,969,892

The accompanying notes from 1 to 15 form an integral part of this condensed interim financial information.

Notes to the condensed interim financial information For the nine-month period ended 30 September 2022

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 (as amended). 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. 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 ("ADX"), Dubai Financial Market ("DFM") and NASDAQ Dubai.

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

Federal Law By Decree No. 32 of 2021 on Commercial Companies (the "New Companies Law") was issued on 20 September 2021 with an effective date of 2 January 2022, and will entirely replace Federal Law No. 2 of 2015 (as amended) on Commercial Companies, as amended. The Company has twelve months from the effective date to comply with the provisions of the New Companies Law.

2 General information

2.1 Statement of compliance

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

2.2 Basis of preparation

The condensed interim financial information is for the nine-month period ended 30 September 2022 and is presented in United Arab Emirates Dirham (AED), which is the functional and presentation currency of the Company.

The condensed interim financial information has been prepared on an accrual basis and under the historical cost convention. This has been prepared under the assumption that the Company operates on a going-concern basis.

The condensed interim financial information has been prepared in accordance with IAS 34. This does 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 2021. In addition, the results for the nine-month period ended 30 September 2022 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2022.

3 Summary of significant accounting policies

The accounting policies applied in this condensed interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2021 except for the adoption of new standards and interpretations effective 1 January 2022 (if any).

3 Significant accounting policies (continued)

Application of new and revised International Financial Reporting Standards (IFRS)

Standards, interpretations and amendments to existing standards that are effective in 2022

In the current period, the Company has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2022. The application of these amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Company's future transactions or arrangements.

- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Amendments to IFRS 3 - References to the Conceptual Framework

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

Amendment to standards and interpretations issued but not yet effective

The new standards and revised IFRSs not yet effective and have not been adopted early by the Company include:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Amendments to IFRS 3 - References to the Conceptual Framework
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Deferred Tax related to Assets and Liabilities from a Single Transaction
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. Management is currently assessing the impact of the above standards.

4 Critical accounting estimates and judgments in applying accounting policies

The preparation of the condensed interim financial information 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 this condensed interim financial information, 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 2021.

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.

5 Cash and cash equivalents

	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
Cash on hand	**9,686**	24,356
Cash in banks - current accounts	**23,912,113**	44,964,994
	23,921,799	44,989,350

There are no restrictions on the bank balance at the time of approval of the condensed interim financial information.

6 Trade and other receivables

	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
Trade receivables	**3,520**	3,381
Net settlement due from financial markets	**-**	198,092
	3,520	201,473

The ageing for the trade receivables is as follows:

	(Unaudited) 30 September 2022	(Audited) 31 December 2021
1 – 90 days	**3,037**	2,898
More than 90 days	**483**	483
Total	**3,520**	3,381

As at 30 September 2022 and 31 December 2021, management assessed that all its trade and other receivables are not impaired. As such, there were no expected credit losses (ECL) recognised on the Company's trade and other receivables.

7 Margin loans

The Company has obtained the license from SCA under registration 604010 dated 24 November 2013, whereby the Company would provide finance to its clients as a percentage of the 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 is used as collateral against the margin facility and are required to provide additional margin in the form of cash and securities, if the value of the portfolio reaches minimum margin maintenance limit that is set by the Company. In case the client fails to meet margin requirement due to deterioration in the portfolio, the Company is allowed to liquidate the positions and settle all its outstanding dues from the client.

As at 30 September 2022, the carrying amount of the margin loans net of the expected credit loss of AED 70,000 is AED 40,578,663 (31 December 2021: AED 39,350,122).

The fair value of securities held as collateral against the margin trading facilities as at the reporting date amounts to AED 96,965,422 (31 December 2021: AED 99,253,240). As at 30 September 2022, the commitments extended to customer for margin loan has an undrawn limit of AED 2,451,337 (31 December 2021: AED 2,067,197)

Interest earned from margin loans for the nine-month period ended 30 September 2022 amounted to AED 2,278,379 (30 September 2021: AED 2,447,627).

8 Share capital, contribution and legal reserves

Share capital

The Company was incorporated with a 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 B.S.C. (c)	99%	49,500	49,500,000
SICO Ventures Company S.P.C.	1%	500	500,000
Total	**100%**	**50,000**	**50,000,000**

Shareholder's contribution

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

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

Legal reserve

In accordance with the UAE Federal Law No. (2) of 2015 (as amended) concerning Commercial Companies and the Company's Articles of Association, 10% of profit is to be transferred to a 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.

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 are as follows:

(Unaudited) 30 September 2022	Within one year AED	One to five years AED	Total AED
Lease payments	318,263	-	318,263
Finance charges	(5,217)	-	(5,217)
Net present values	313,046	-	313,046

(Audited) 31 December 2021	Within one year AED	One to five years AED	Total AED
Lease payments	303,550	318,263	621,813
Finance charges	(17,316)	(1,262)	(18,578)
Net present values	286,234	317,001	603,235

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 13,361 for the nine-month period ended 30 September 2022 (30 September 2021: AED 23,468).

10 Trade and other payables

	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
Trade payables	4,454,043	19,837,367
Net settlement due to DFM and ADX	3,385,476	505,328
Provision for staff bonus	450,409	558,751
Value-added tax – net	28,277	56,635
Other payables and accruals	275,720	319,893
	8,593,925	21,277,974

All amounts are short-term. The carrying value of trade and other payables is considered a reasonable approximation of fair value.

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) 30 September 2022 AED	(Audited) 31 December 2021 AED
SICO B.S.C. (c)	**8,109,038**	15,924,698

b) Transactions with the Parent Company

	(Unaudited) Nine-month period ended 30 September 2022 AED	(Unaudited) Nine-month period ended 30 September 2021 AED
Commission income	**1,342,896**	1,124,181
Interest on facilities	**-**	2,750

c) Transactions with key management personnel

	(Unaudited) Nine-month period ended 30 September 2022 AED	(Unaudited) Nine-month period ended 30 September 2021 AED
Short-term employee benefits	**1,950,453**	1,865,593
Post-employment benefits	**68,404**	43,152

12 Provision for employees' end-of-service benefits

	(Unaudited) 30 September 2022 AED	(Audited) 31 December 2021 AED
Balance at 1 January	**826,326**	541,754
Charge during the period / year – Note 13	**150,825**	297,594
Payments during the period / year	**(26,771)**	(13,022)
Balance at 30 September	**950,380**	826,326

13 General and administrative expenses

	(Unaudited) Nine-month period ended 30 September 2022 AED	(Unaudited) Nine-month period ended 30 September 2021 AED
Salaries and related benefits	**3,066,303**	2,887,904
Software and licensing	**905,958**	1,014,211
Provision for end-of-service benefits – Note 12	**150,825**	101,436
Utilities	**149,140**	142,960
Communication expenses	**85,050**	86,130
Professional fees	**46,733**	46,650
Insurance	**38,257**	34,247
Other expenses	**108,921**	106,770
	4,551,187	4,420,308

14 Contingencies and commitment

The Company has letters of guarantee amounting to AED 35,000,000 (31 December 2021: 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 a cash guarantee amounting to AED 1,000,000 (31 December 2021: AED 1,000,000) with NASDAQ Dubai Limited.

15 Approval of condensed interim financial information

The condensed interim financial information was approved and authorized for issue by the Board of Directors on 3 November 2022.