SICO Invest L.L.C

(Formerly "SICO Financial Brokerage L.L.C")

INTERIM CONDENSED FINANCIAL STATEMENTS

31 MARCH 2024

Principal business address:
P.O. Box 37618
Abu Dhabi
United Arab Emirates

SICO Invest L.L.C (Formerly "SICO Financial Brokerage L.L.C")
INTERIM CONDENSED FINANCIAL STATEMENTS

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REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF SICO INVEST L.L.C (FORMERLY "SICO FINANCIAL BROKERAGE L.L.C")

Introduction

We have reviewed the accompanying interim condensed financial statements of SICO Invest L.L.C (the "Company") as at 31 March 2024, comprising of the interim condensed statement of financial position as at 31 March 2024, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with 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 interim condensed financial statements are not prepared, in all material respects in accordance with IAS 34, "*Interim Financial Reporting*".

Signed by:
Ahmad Al Dali
Partner
Ernst & Young
Registration No 5548

15 May 2024
Abu Dhabi

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	Notes	*31 March 2024 AED (Unaudited)*	*31 December 2023 AED (Audited)*
ASSETS			
Non-current assets			
Property and equipment		**280,065**	334,409
Right of use asset	10	**907,918**	22,508
Intangible assets		**91,699**	95,494
		1,279,682	452,411
Current assets			
Margin and trade receivables	4	**19,613,515**	21,059,345
Prepayments, deposits and other assets		**1,870,862**	1,573,285
Due from securities markets		**90,716**	1,461,652
Bank balances and cash	5	**40,751,796**	41,745,204
		62,326,889	65,839,486
TOTAL ASSETS		**63,606,571**	66,291,897
EQUITY AND LIABILITIES			
Equity			
Share capital	7	**50,000,000**	50,000,000
Shareholder's contribution	7	**19,455,664**	19,455,664
Statutory reserve	7	**2,577,354**	2,577,354
Accumulated losses		**(24,271,284)**	(23,787,949)
Total equity		**47,761,734**	48,245,069
Non-current liabilities			
Lease liability	10	**298,863**	-
Employees' end of service benefits	8	**1,259,572**	1,164,046
		1,558,435	1,164,046
Current liabilities			
Accounts payable and accruals	9	**8,247,034**	8,876,982
Lease liability	10	**334,191**	-
Amounts due to a related party	11	**5,584,335**	5,364,523
Due to securities markets		**120,842**	2,641,277
		14,286,402	16,882,782
Total liabilities		**15,844,837**	18,046,828
TOTAL EQUITY AND LIABILITIES		**63,606,571**	66,291,897

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Fadhel Makhlooq
Chairman

Anantha Narayanan
Vice Chairman

The notes number 1 to 12 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the three-month period ended 31 March (unaudited)

	Note	*31 March 2024 AED (Unaudited)*	*31 March 2023 AED (Unaudited)*
Net commission income		**909,699**	949,849
Finance income from margin receivables		**339,149**	923,615
Finance income(costs), net		**207,150**	(47,774)
Net finance income		**546,299**	875,841
General and administrative expenses	12	**(1,799,041)**	(1,703,460)
Depreciation and amortization expenses		**(140,292)**	(115,043)
(Loss) profit for the period		**(483,335)**	7,187
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		**(483,335)**	7,187

The notes number 1 to 12 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March (unaudited)

	Share capital AED	*Shareholder's contribution AED*	*Statutory reserve AED*	*Retained earnings AED*	*Total equity AED*
Balance at 1 January 2023 *(Audited)*	50,000,000	19,455,664	2,577,354	(23,110,586)	48,922,432
Total comprehensive income for the period	-	-	-	7,187	7,187
Balance at 31 March 2023 *(Unaudited)*	50,000,000	19,455,664	2,577,354	(23,103,399)	48,929,619
Balance at 1 January 2024 *(Audited)*	50,000,000	19,455,664	2,577,354	(23,787,949)	48,245,069
Total comprehensive loss for the period	-	-	-	(483,335)	(483,335)
Balance at 31 March 2024 *(Unaudited)*	**50,000,000**	**19,455,664**	**2,577,354**	**(24,271,284)**	**47,761,734**

The notes number 1 to 12 form an integral part of these interim condensed financial statements.

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the three-month period ended 31 March (unaudited)

	Notes	2024 AED	2023 AED
OPERATING ACTIVITIES			
(Loss) profit for the period		**(483,335)**	7,187
Adjustments for:			
Depreciation expenses		**136,497**	111,386
Provision for employees' end of service benefits	8	**95,526**	77,197
Finance income on margin receivables		**(339,149)**	(923,615)
Finance income on fixed deposit		**(261,118)**	-
Finance costs		**53,968**	47,774
Amortisation of intangible assets		**3,795**	3,657
		(793,816)	(676,414)
Changes in:			
Margin and trade receivables		**1,445,830**	3,573,020
Prepayments, deposits and other assets		**(297,577)**	(346,591)
Amounts due to a related party		**219,812**	1,049,574
Due from securities markets		**1,370,936**	778,915
Due to securities markets		**(2,520,435)**	3,164,526
Accounts payable and accruals		**(629,948)**	(3,733,112)
		(1,205,198)	3,809,918
Finance income on margin receivables		**339,149**	923,615
Net cash flows (used in) from operating activities		**(866,049)**	4,733,533
INVESTING ACTIVITIES			
Purchase of property and equipment		**(6,238)**	(120,345)
Decrease (increase) in clients' deposits		**1,296,118**	(499,177)
Net cash flows from (used in) investing activities		**1,289,880**	(619,522)
FINANCING ACTIVITIES			
Finance income received		**261,118**	-
Finance costs paid		**(47,685)**	(47,774)
Payment of lease liability	10	**(334,554)**	(317,121)
Net cash flows used in financing activities		**(121,121)**	(364,895)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**302,710**	3,749,116
Cash and cash equivalents at the beginning of the period		**32,587,462**	15,506,418
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	**32,890,172**	19,255,534

The notes number 1 to 12 form an integral part of these interim condensed financial statements.

1 CORPORATE INFORMATION

SICO Invest L.L.C. (formerly "SICO Financial Brokerage L.L.C") was established on 11 February 2002, as a limited liability company, registered in the Emirate of Abu Dhabi.

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, Dubai Financial Market and NASDAQ Dubai.

On 29 February 2024, the shareholders resolved to change the name of the Company from "SICO Financial Brokerage L.L.C" to "SICO Invest L.L.C".

The Company is a wholly owned subsidiary of SICO BSC (c), a Bahrain-based GCC asset manager, broker and investment bank.

These interim condensed financial statements were approved and authorised for issue by the Company's Board of Directors on 14 May 2024.

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed financial statements for the three months ended 31 March 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at 31 December 2023. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements. In addition, results for the three months period ended 31 March 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023.

These interim condensed financial statements have been prepared on the historical cost basis.

2.2 New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the interim condensed financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 31 December 2023, except for the adoption of the following new standards effective as of 1 January 2024. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

These amendments did not have a material impact on the interim condensed financial statements of the Company.

2 BASIS OF PREPARATION AND CHANGES TO THE COMPANY'S ACCOUNTING POLICIES continued

2.3 Use of judgements and estimates

In preparing these interim condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2023.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These interim condensed financial statements have been presented in United Arab Emirates Dirhams ("AED"), which is the functional currency of the Company.

4 MARGIN AND TRADE RECEIVABLES

	31 March 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Margin receivables, net	**19,606,839**	21,045,480
Trade receivables, net	**6,676**	13,865
	19,613,515	21,059,345
Margin receivables	**19,676,839**	21,115,480
Less: provision for expected credit losses	**(70,000)**	(70,000)
	19,606,839	21,045,480

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 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. The client's portfolio is 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.

The fair value of securities held as collateral against the margin trading facilities as at 31 March 2024 amounted to AED 39,724,239 (31 December 2023: AED 43,395,533). As at 31 March 2024, the commitments extended to customers for margin loans has an undrawn limit of AED 3,123,161 (31 December 2023: AED 1,684,520).

5 BANK BALANCES AND CASH

	31 March 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Company's bank accounts for client's deposits*	**7,861,624**	9,157,742
Current account balances with banks	**10,563,719**	12,418,549
Short term deposits with maturity less than 3 months	**22,297,193**	20,145,896
Cash in hand	**29,260**	23,017
	40,751,796	41,745,204

Cash and cash equivalents for the purpose of the interim statement of cash flows comprise of the following:

	31 March 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Bank balances and cash	**40,751,796**	41,745,204
Less: Company's bank accounts for clients' deposits*	**(7,861,624)**	(9,157,742)
	32,890,172	32,587,462

*In accordance with the regulations issued by the Emirates Securities and Commodities Authority ("ESCA") the Company maintains separate bank accounts for advances received from its customers ("clients' deposits"). The clients' deposits are not available to the Company other than to settle transactions executed on behalf of the customers. Although the use of the clients' deposits by the Company is restricted, they have been presented on balance sheet as notified by ESCA.

6 CONTIGENCIES AND COMMITMENT

The Company has letters of guarantee amounting to AED 35,000,000 (31 December 2023: AED 35,000,000) in favour of Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) in accordance with the requirements issued by the SCA. In addition, the Company has cash guarantee amounting to AED 1,000,000 (31 December 2023: AED 1,000,000) with NASDAQ Dubai Limited.

7 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 B.S.C. (c)	99%	49,500	49,500,000
SICO Ventures Company S.P.C.	1%	500	500,000
	100%	**50,000**	**50,000,000**

7 SHARE CAPITAL AND RESERVES continued

Shareholder's contribution
On 4 June 2014, the Parent Company provided the Company with a credit facility amounting to USD 5,300,000. The credit facility is available for a period of five years to meet SCA requirements relating to margin trading. The credit facility bears interest at three-month LIBOR plus 1% per annum payable in arrears on maturities and/or rollovers (3 months). On 24 January 2017, the Parent Company issued a board resolution stating that the credit facility would be interest free.

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

Legal reserves
In accordance with the UAE Federal Law No. (32) of 2021 concerning Commercial Companies and the Company's Articles of Association, 5% 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.

8 EMPLOYEES' END OF SERVICE BENEFITS

	31 March 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Beginning of the period / year	**1,164,046**	987,278
Charge for the period / year	**95,526**	224,486
Paid during the period / year	**-**	(47,718)
As at the end of the period / year	**1,259,572**	1,164,046

9 ACCOUNTS PAYABLE AND ACCRUALS

	31 March 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Payable to customers	**7,831,498**	7,978,117
Provision for staff bonus	**52,523**	500,000
VAT payable – net	**33,089**	24,805
Other payables	**329,924**	374,060
	8,247,034	8,876,982

10 RIGHT TO USE OF ASSET AND LEASE LIABILITY

Set out below are the carrying amounts of the Company's right-of-use assets and lease liabilities and the movements during the period/year:

	31 March 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Right to use of asset		
Beginning of the period / year	**22,508**	292,592
Addition during the period / year	**961,325**	-
Depreciation during the period / year	**(75,915)**	(270,084)
As at the end of the period / year	**907,918**	22,508
Lease liability		
Beginning of the period / year	**-**	317,121
Addition during the period / year	**961,325**	-
Interest expenses	**6,283**	1,502
Payments during the period / year	**(334,554)**	(318,623)
As at the end of the period / year	**633,054**	-

Lease liabilities is analysed in the statement of financial position as follows:

	31 March 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
Current	**334,191**	-
Non-current	**298,863**	-
	633,054	-

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 International Financial Reporting Standards. The transactions with these related parties are primarily financing in nature as follows:

a) Transaction with Parent Company

	31 March 2024 AED (Unaudited)	*31 March 2023 AED (Unaudited)*
Commission income	**225,464**	262,514

11 RELATED PARTY BALANCES AND TRANSACTIONS continued

b) Key management personnel compensation

	31 March 2024 AED (Unaudited)	*31 March 2023 AED (Unaudited)*
Short-term employee benefits	**693,887**	669,656
Post-employment benefits	**66,773**	21,974

c) Due to the Parent Company

	31 March 2024 AED (Unaudited)	*31 December 2023 AED (Audited)*
SICO BSC (c) - Operating	**5,584,335**	5,364,523

12 GENERAL AND ADMINISTRATIVE EXPENSES

	For the three months ended 31 March	
	2024 AED (Unaudited)	*2023 AED (Unaudited)*
Salaries and related benefits	**1,328,671**	1,104,896
Software and licensing	**266,156**	282,814
Utilities	**30,270**	53,371
Communication expenses	**45,659**	52,869
Professional fees	**52,083**	48,437
Insurance	**60,407**	49,972
Other expenses	**15,795**	111,101
	1,799,041	1,703,460