SICO Financial Brokerage L.L.C.

Condensed Interim Financial Information
(Unaudited)

For the nine-month period ended 30 September 2021

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Condensed Interim Financial Information

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SICO Financial Brokerage L.L.C. (the "Company") as at 30 September 2021 and the related condensed interim statement of comprehensive income for the three-month and nine-month periods then ended and the condensed interim 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 presentation of this condensed interim financial information in accordance with International Accounting Standard 34, *'Interim Financial Reporting'* as issued by the International Accounting Standard Board (IASB). Our responsibility is to express a conclusion on this 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 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *'Interim Financial Reporting'*.

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 7 November 2021

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Condensed interim statement of financial position
As at 30 September 2021

	Notes	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
Assets			
Current assets			
Cash and cash equivalents	5	**42,969,892**	43,074,640
Trade and other receivables	6	**2,167,114**	2,304,555
Margin loans	7	**38,846,590**	47,788,158
Total current assets		**83,983,596**	93,167,353
Non-current assets			
Intangible assets		**105,481**	39,217
Property and equipment		**1,040,660**	1,356,395
Total non-current assets		**1,146,141**	1,395,612
Total assets		**85,129,737**	94,562,965
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital	8	**50,000,000**	50,000,000
Shareholders' contribution	8	**19,455,664**	19,455,664
Legal reserve	8	**2,469,766**	2,469,766
Accumulated losses		**(24,118,343)**	(24,303,405)
Total shareholders' equity		**47,807,087**	47,622,025
Liabilities			
Current liabilities			
Lease liability	9	**237,895**	258,047
Trade and other payables	10	**16,817,216**	11,607,361
Due to a related party	11	**19,266,489**	33,930,538
Total current liabilities		**36,321,600**	45,795,946
Non-current liabilities			
Lease liability	9	**357,860**	603,240
Provision for employees' end of service benefits	12	**643,190**	541,754
Total non-current liabilities		**1,001,050**	1,144,994
Total liabilities		**37,322,650**	46,940,940
Total shareholders' equity and liabilities		**85,129,737**	94,562,965

This condensed interim financial information was approved by the Board of Directors on 7 November 2021 and signed on their behalf by:

Najla Shirawi
Chairman

Anantha Narayanan
Vice Chairman

The accompanying notes from 1 to 16 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 2021

	Notes	**(Unaudited) Three-month period ended 30 September 2021 AED**	(Unaudited) Three-month period ended 30 September 2020 AED	**(Unaudited) Nine-month period ended 30 September 2021 AED**	(Unaudited) Nine-month period ended 30 September 2020 AED
Revenue					
Brokerage commission		**751,610**	1,272,329	**2,668,954**	3,834,529
Interest income	7	**798,290**	846,252	**2,447,627**	2,792,440
		1,549,900	2,118,581	**5,116,581**	6,626,969
Expenses					
General and administrative expenses	13	**(1,485,409)**	(1,452,380)	**(4,420,308)**	(4,649,582)
Finance cost		**(52,259)**	(65,159)	**(161,627)**	(416,737)
Commission and rebate		**(5,704)**	(107,622)	**(16,662)**	(315,820)
Depreciation and amortisation expense		**(112,121)**	(112,579)	**(332,922)**	(341,659)
		(1,655,493)	(1,737,740)	**(4,931,519)**	(5,723,798)
Total comprehensive (loss) / income for the period		**(105,593)**	380,841	**185,062**	903,171

The accompanying notes from 1 to 16 form an integral part of this condensed interim financial information.

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

Condensed interim statement of changes in equity
For the nine-month period ended 30 September 2021

	Share Capital AED	Shareholders' contribution AED	Legal reserve AED	Accumulated losses AED	Total equity AED
Balance as at 1 January 2021 (Audited)	**50,000,000**	**19,455,664**	**2,469,766**	**(24,303,405)**	**47,622,025**
Total comprehensive income for the period	**-**	**-**	**-**	**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**
Balance as at 1 January 2020 (Audited)	50,000,000	19,455,664	2,362,215	(25,271,363)	46,546,516
Total comprehensive income for the period	-	-	-	903,171	903,171
Balance as at 30 September 2020 (Unaudited)	50,000,000	19,455,664	2,362,215	(24,368,192)	47,449,687

The accompanying notes from 1 to 16 form an integral part of this condensed interim financial information.

Condensed interim statement of cash flows
For the nine-month period ended 30 September 2021

	Notes	(Unaudited) Nine-month period ended 30 September 2021 AED	(Unaudited) Nine-month period ended 30 September 2020 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		**185,062**	903,171
Adjustments for non-cash items:			
Finance cost		**138,158**	416,737
Interest on lease liability		**23,468**	-
Depreciation of property and equipment		**326,134**	337,407
Provision for employees' end of service benefits		**101,436**	99,966
Amortisation of intangible assets		**6,788**	4,252
Interest income	7	**(2,447,627)**	(2,792,440)
Operating loss before changes in working capital		**(1,666,581)**	(1,030,907)
Changes in working capital			
Change in trade and other receivables		**137,441**	(1,088,956)
Change in margin loans		**8,941,568**	16,440,775
Change in trade and other payables		**5,209,855**	(2,447,638)
Change in due to a related party		**(14,664,049)**	(4,161,516)
Cash (used in) / generated from operations		**(2,041,766)**	7,711,758
Payment for employee' end of service benefits		**-**	(32,709)
Interest received on margin loans		**2,447,627**	2,792,440
Net cash generated from operating activities		**405,861**	10,471,489
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of intangible asset		**(73,052)**	-
Payments for purchase of property and equipment		**(10,399)**	(6,093)
Net cash used in investing activities		**(83,451)**	(6,093)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability		**(289,000)**	(289,000)
Finance cost paid		**(138,158)**	(384,142)
Net cash used in financing activities		**(427,158)**	(673,142)
Net (decrease) / increase in cash and cash equivalents		**(104,748)**	9,792,254
Cash and cash equivalents, beginning of period		**43,074,640**	47,675,178
Cash and cash equivalents, end of period	5	**42,969,892**	57,467,432

The accompanying notes from 1 to 16 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 2021

1 Legal status and activities

SICO Financial Brokerage L.L.C. (the "Company") was established on 11 February 2002, as a limited liability company, registered in the Emirates of Abu Dhabi under UAE Federal Law No. 2 of 2015. The Company was granted a license to operate in the Emirate of Abu Dhabi by Emirates Securities and Commodities Authority ("SCA") on 13 May 2002 and its registered head office is in Sky Tower, Al Reem Island, P.O. Box 37618. 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.

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 relating to commercial companies.

2.2 Basis of preparation

The condensed interim financial information is for the nine-month period ended 30 September 2021 and are 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 the historical cost basis. 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 2020. In addition, the results for the nine-month period ended 30 September 2021 are not necessarily an indication of the results that may be expected for the financial year ending 31 December 2021.

3 Summary of significant accounting policies

The accounting policies applied in this interim financial information are the same as those applied in the Company's financial statements as at and for the year ended 31 December 2020 except for the adoption of new standards and interpretations effective 1 January 2021.

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2021

3 Significant accounting policies (continued)

Standards, interpretations and amendments to existing standards

There are no applicable new standards and amendments to published standards or IFRIC interpretations that have been issued that are expected to have a material impact on the condensed interim financial information of the Company.

Standards and interpretations in issue but not yet effective

New standards and revised IFRSs not yet effective and has not been adopted early by the Company	Effective date
Amendments to IAS 1 to address classification of liabilities as current or non-current providing a more general approach based on the contractual arrangements in place at the reporting date.	1 January 2022
Amendments to IAS 16 'Property, Plant and Equipment' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.	1 January 2022
Amendments to IAS 37 amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.	1 January 2022
Amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements	1 January 2022
Annual improvements to IFRS Standards 2018–2020	1 January 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures (2011)' relating to the treatment of the sale or contribution of assets from an investor to its associate or joint venture	Effective date deferred indefinitely. Adoption is still permitted.

Management anticipates that these amendments will be adopted in the financial information in the initial period when they become mandatorily effective. The impact of these standards and amendments is currently being assessed by the management.

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2021

4 Critical accounting estimates and judgements 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 2020.

However, the Company has reviewed the key sources of estimation uncertainties disclosed in the recent annual audited financial statements against the backdrop of COVID-19 pandemic. Management believes that all sources of estimation uncertainty remain similar to those disclosed in the recent annual audited financial statements. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

Impact of COVID-19 on the condensed interim financial information

In response to the spread of the COVID-19 where the Company operates and its resulting disruptions to the social and economic activities in those markets, the Company management has proactively assessed its impacts on its operations and has taken a series of preventive measures, including the creating of a business contingency plan, to ensure the health and safety of its employees, customers and wider community as well as to ensure the continuity of its services throughout the market. The business operations of the Company currently remain largely unaffected. Based on these factors, the Company management believes that the COVID-19 pandemic has had no material effects on the reported condensed interim financial information as at and for the nine-month period ended 30 September 2021.

5 Cash and cash equivalents

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
Cash on hand	**34,030**	59,401
Cash in banks - current accounts	**42,935,862**	43,015,239
	42,969,892	43,074,640

6 Trade and other receivables

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
Trade receivables	**524,245**	8,525
Net settlement due from ADX	**-**	751,677
Guarantee	**1,000,000**	1,000,000
Prepaid expenses	**395,967**	375,391
Security deposits	**36,650**	35,900
Other receivables	**210,252**	133,062
	2,167,114	2,304,555

The ageing for the trade receivables is as follows:

	(Unaudited) 30 September 2021	(Audited) 31 December 2020
1 – 90 days	**523,699**	8,073
More than 90 days	**546**	452
Total	**524,245**	8,525

As at 30 September 2021 and 31 December 2020, 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 percentage of market value of securities.

The clients are subject to discretionary interest charges by management. The margin loan facility will be on a 1:1 basis, whereby to avail the margin facility the clients must deposit margin amount. The client's portfolio will be used as collateral against the margin facility and are required to provide additional margin in the form of cash and securities, if the value of the portfolio reaches minimum margin maintenance limit that is set by the Company. In case the client fails to meet margin requirement due to deterioration in the portfolio, the Company is allowed to liquidate the positions and settle all its outstanding dues from the client.

As at 30 September 2021, the carrying amount of the margin loans net of the expected credit loss of AED 70,000 is AED 38,846,590 (31 December 2020: AED 47,788,158).

The fair value of securities held as collateral against the margin trading facilities as at the reporting date amounts to AED 78,177,932 (31 December 2020: AED 115,804,732).

Interest earned from margin loans for the nine-month period ended 30 September 2021 amounted to AED 2,447,627 (30 September 2020: AED 2,792,440).

8 Share capital, contribution and legal 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
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. 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 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.

9 Leases

On 1 September 2018, the Company entered into a leasing agreement with The National Investor PrJSC with a lease term of five years. Future minimum lease payments at 30 September 2021 are as follows:

(Unaudited) 30 September 2021	Within one year	One to five years	Total
Lease payments	289,000	436,300	725,300
Finance charges	(51,105)	(78,440)	(129,545)
Net present values	**237,895**	**357,860**	**595,755**

(Audited) 31 December 2020	Within one year	One to five years	Total
Lease payments	289,000	701,832	990,832
Finance charges	(30,953)	(98,592)	(129,545)
Net present values	**258,047**	**603,240**	**861,287**

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 23,468 for the nine-month period ended 30 September 2021 (30 September 2020: AED 32,595).

10 Trade and other payables

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
Trade payables	**14,042,898**	10,060,559
Net settlement due to DFM and ADX	**2,004,860**	697,910
Provision for staff bonus	**522,152**	716,263
Value added tax – net	**24,841**	18,822
Other payables and accruals	**222,465**	113,807
	16,817,216	11,607,361

Notes to the condensed interim financial information (continued)
For the nine-month period ended 30 September 2021

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 2021 AED	(Audited) 31 December 2020 AED
SICO B.S.C. (c) – Operating	**19,266,489**	33,930,538

b) Transactions with Parent Company

	(Unaudited) Nine-month period ended 30 September 2021 AED	(Unaudited) Nine-month period ended 30 September 2020 AED
Commission income	**1,124,181**	1,679,724
Interest on facilities	**2,750**	181,424

c) Transactions with key management personnel

	(Unaudited) Nine-month period ended 30 September 2021 AED	(Unaudited) Nine-month period ended 30 September 2020 AED
Short term employee benefits	**621,864**	598,859
Post-employment benefits	**14,541**	14,064

12 Provision for employees' end of service benefits

	(Unaudited) 30 September 2021 AED	(Audited) 31 December 2020 AED
Balance at 1 January	**541,754**	447,902
Charge during the period / year – Note 13	**101,436**	126,561
Settlement during the period / year	**-**	(32,709)
Closing balance	**643,190**	541,754

13 General and administrative expenses

	(Unaudited) Nine-month period ended 30 September 2021 AED	(Unaudited) Nine-month period ended 30 September 2020 AED
Salaries and related benefits	**2,887,904**	2,784,704
Software and licensing	**1,014,211**	1,073,243
Utilities	**229,090**	153,384
End of service benefits	**101,436**	99,966
Professional fees	**46,650**	243,683
Insurance	**34,247**	34,906
Other expenses	**106,770**	259,696
	4,420,308	4,649,582

14 Contingencies and commitment

The Company has letters of guarantee amounting to AED 35,000,000 (31 December 2020: AED 35,000,000 million) in favor of Abu Dhabi Securities Exchange (ADX) and Dubai Financial Market (DFM) in accordance with the requirements issued by the SCA. In addition, the Company has cash guarantee amounting to AED 1,000,000 (31 December 2020: AED 1,000,000) with NASDAQ Dubai Limited.

15 Reclassifications

Certain comparative figures have been reclassified, where necessary, to conform to the current period presentation. Management believes that the current period presentation provides more meaningful information to the readers of the financial statements.

These reclassifications did not have any impact on the current or prior period's statement of comprehensive income or accumulated losses.

16 Approval of condensed interim financial information

The condensed interim financial information was approved and authorized for issue by the Board of Directors on 7 November 2021.