SICO Financial Brokerage L.L.C.

Financial Statements
For the year ended 31 December 2022

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Directors' Report
For the year ended 31 December 2022

The Directors submit their report together with the audited financial statements of SICO Financial Brokerage L.L.C. ("the Company") for the year ended 31 December 2022.

Principal activities

The Company is engaged in providing brokerage services for customers trading in shares and securities on Abu Dhabi Securities Exchange, Dubai Financial Market and NASDAQ Dubai.

Results for the year

The operating results of the Company are fully set out in the attached financial statements. The Company has reported a net profit of AED 449,060 for the year ended 31 December 2022 (2021: AED 851,347).

Directors

The Directors who served during the year were:

Najla M. Al Shirawi (Chairman)
Anantha Narayanan (Vice Chairman)
Fadhel Makhlooq
Shyam Krishnan

Auditor

Grant Thornton were appointed auditor of the Company for the year ended 31 December 2022 and being eligible, have offered themselves for re-appointment for the year ending 31 December 2023.

The financial statements for the year ended 31 December 2022 (including comparatives) were approved by the Directors on 2 March 2023 and signed on their behalf by:



……..
Chairman
2 March 2023

Grant Thornton UAE - Abu Dhabi

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Independent Auditor's Report
To the Shareholders of SICO Financial Brokerage L.L.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SICO Financial Brokerage L.L.C.** ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information contained in the financial statements which comprises the information included in the *Directors' Report* which we obtained prior to the date of this auditors' report. The other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditor's Report (continued)
To the Shareholders of SICO Financial Brokerage L.L.C.

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report (continued)
To the Shareholders of SICO Financial Brokerage L.L.C.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2022:

i) we have obtained all the information we considered necessary for the purposes of our audit;

ii) the financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law (32) of 2021;

iii) the Company has maintained proper books of account;

iv) the financial information included in the *Directors' report* is consistent with the books of account of the Company;

v) the Company has not purchased or invested in shares during the financial year ended 31 December 2022;

vi) note 14 to the financial statements discloses material related party transactions and the terms under which they were conducted; and

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2022 any of the applicable provisions of the UAE Federal Law No. (32) of 2021, or of its Articles of Association, which would materially affect its activities or its financial position as at 31 December 2022.

GRANT THORNTON
Farouk Mohamed
Registration No: 86
Abu Dhabi, United Arab Emirates
Date: 2 March 2023

SICO Financial Brokerage L.L.C.
Financial Statements

Statement of financial position
As at 31 December 2022

	Notes	2022 AED	2021 AED
ASSETS			
Non-current assets			
Property and equipment	5	**521,474**	952,084
Intangible assets	6	**104,891**	102,237
TOTAL NON-CURRENT ASSETS		**626,365**	1,054,321
Current assets			
Margin loans	7	**40,327,818**	39,350,122
Trade and other receivables	8	**1,090,624**	201,473
Other current assets	9	**1,537,194**	1,510,339
Cash and cash equivalents	10	**32,225,905**	44,989,350
TOTAL CURRENT ASSETS		**75,181,541**	86,051,284
TOTAL ASSETS		**75,807,906**	87,105,605
SHAREHOLDER'S EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	11	**50,000,000**	50,000,000
Shareholder's contribution	11	**19,455,664**	19,455,664
Legal reserve	11	**2,577,354**	2,554,900
Accumulated losses		**(23,110,586)**	(23,537,192)
TOTAL EQUITY		**48,922,432**	48,473,372
LIABILITIES			
Non-current liabilities			
Lease liability	12	**-**	317,001
Provision for employees' end of service benefits	15	**987,278**	826,326
TOTAL NON-CURRENT LIABILITIES		**987,278**	1,143,327
Current liabilities			
Lease liability	12	**317,121**	286,234
Trade and other payables	13	**18,869,059**	21,277,974
Due to a related party	14	**6,712,016**	15,924,698
TOTAL CURRENT LIABILITIES		**25,898,196**	37,488,906
TOTAL LIABILITIES		**26,885,474**	38,632,233
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**75,807,906**	87,105,605

These financial statements were approved by the Board of Directors on 2 March 2023 and signed on its behalf by:

Najla Shirawi
Chairman

Anantha Narayanan
Vice Chairman

The accompanying notes from 1 to 21 form an integral part of these financial statements.

Statement of comprehensive income
For the year ended 31 December 2022

	Notes	**2022** **AED**	2021 AED
REVENUE			
Brokerage commission revenue		**4,090,259**	4,308,198
Interest income		**3,094,867**	3,239,441
		7,185,126	7,547,639
EXPENSES			
General and administrative expenses	16	**(6,077,588)**	(6,036,181)
Finance costs		**(199,759)**	(214,710)
Depreciation and amortization expense	5, 6	**(458,719)**	(445,401)
		(6,736,066)	(6,696,292)
Profit for the year		**449,060**	851,347
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**449,060**	851,347

The accompanying notes from 1 to 21 form an integral part of these financial statements.

Statement of changes in equity
For the year ended 31 December 2022

	Share capital AED	Shareholder's contribution AED	Legal reserve AED	Accumulated losses AED	Total equity AED
Balance as at 1 January 2022	50,000,000	19,455,664	2,554,900	(23,537,192)	48,473,372
Total comprehensive income for the year	-	-	-	449,060	449,060
Transfer to legal reserve	-	-	22,454	(22,454)	-
Balance as at 31 December 2022	**50,000,000**	**19,455,664**	**2,577,354**	**(23,110,586)**	**48,922,432**
Balance as at 1 January 2021	50,000,000	19,455,664	2,469,766	(24,303,405)	47,622,025
Total comprehensive income for the year	-	-	-	851,347	851,347
Transfer to legal reserve			85,134	(85,134)	-
Balance as at 31 December 2021	50,000,000	19,455,664	2,554,900	(23,537,192)	48,473,372

The accompanying notes from 1 to 21 form an integral part of these financial statements.

Statement of cash flows
For the year ended 31 December 2022

	Notes	**2022** **AED**	2021 AED
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		**449,060**	851,347
Non-cash adjustments:			
Finance cost		**199,759**	214,710
Depreciation of property and equipment	5	**444,858**	435,370
Provision for employees' end of service benefits	15	**187,723**	297,594
Amortization of intangible assets	6	**13,861**	10,031
Interest income		**(3,094,867)**	(3,239,441)
Operating profit before movements in working capital:		**(1,799,606)**	(1,430,389)
Changes in working capital			
Change in margin loans		**(977,696)**	8,438,036
Change in trade and other receivables		**(889,151)**	558,729
Change in other current assets		**(26,855)**	34,014
Change in trade and other payables		**(2,408,915)**	9,670,613
Change in due to a related party		**(9,212,682)**	(18,005,840)
Cash used in operations		**(15,314,905)**	(734,837)
Interest received from margin loans		**3,094,867**	3,239,441
Payment of provision for employees' end of service benefits	15	**(26,771)**	(13,022)
Net cash (used in)/generated from operating activities		**(12,246,809)**	2,491,582
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property and equipment	5	**(14,248)**	(31,059)
Payments for purchase of intangible assets	6	**(16,515)**	(73,051)
Net cash used in investing activities		**(30,763)**	(104,110)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance cost paid		**(182,324)**	(214,710)
Payments of lease liabilities		**(303,549)**	(258,052)
Net cash used in financing activities		**(485,873)**	(472,762)
Net (decrease)/increase in cash and cash equivalents		**(12,763,445)**	1,914,710
Cash and cash equivalents, beginning of year		**44,989,350**	43,074,640
Cash and cash equivalents, end of year	10	**32,225,905**	44,989,350

The accompanying notes from 1 to 21 form an integral part of these financial statements.

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, as amended. As of 2 January 2022, the Company is subject to compliance with UAE Federal Law No. (32) of 2021, which replaces UAE Federal Law No. (2) of 2015, as amended. The financial statements have been prepared in accordance with the requirements of the applicable laws and regulations, including UAE Federal Law No. (32) of 2021. The shareholders of the Company are currently in the process of amending the statutory documents, to reflect the changes required due to the application of the UAE Federal law No. (32) of 2021.

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 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 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

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) promulgated by International Accounting Standards Board (IASB) and interpretations thereof issued by the International Financial Reporting Interpretation Committee and in compliance with the applicable requirements of U.A.E Federal Law No. (32) of 2021, relating to commercial companies.

2.2 Basis of preparation

These financial statements are for the year ended 31 December 2022 and are presented in Arab Emirate Dirham (AED), which is the functional and presentation currency of the Company.

The financial statements have been prepared under the historical cost convention. They have been prepared under the assumption that the Company operates on a going-concern basis.

2 General information (continued)

2.3 Standards, interpretations and amendments to existing standards

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

In the current year, 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 financial statements 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.

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 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.

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 statement of comprehensive income. Any gain or loss on derecognition is recognised in statement of comprehensive income. Subsequent recoveries of amounts previously written off are recognised in statement of comprehensive income.

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.

3 Summary of significant accounting policies (continued)

3.2 Financial instruments (continued)

Financial assets (continued)

Measurement of ECL

ECL are a 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.

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, due to a related party and lease liability 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.

3 Summary of significant accounting policies (continued)

3.2 Financial instruments (continued)

Financial liabilities (continued)

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 statement 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 statement 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.

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 comprehensive income 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 audited 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 consist of software and programs with estimated useful lives of 3-10 years.

3 Summary of significant accounting policies (continued)

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
Furniture 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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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.

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 Summary of significant accounting policies (continued)

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 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 recognized, at a point in time, 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.

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 years 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 year of employment.

3 Summary of significant accounting policies (continued)

3.9 Finance costs

Finance costs include bank charges, interest on credit facilities 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

The Company makes the use of leasing arrangements principally for the provision of the office space. The rental contract for the office space is typically negotiated for terms of five years. The Company does not enter into sale and leaseback arrangements.

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.

3 Summary of significant accounting policies (continued)

3.11 Leases (continued)

Measurement and recognition of leases as a lessee (continued)

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.

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 statement of comprehensive income 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.

3 Summary of significant accounting policies (continued)

3.13 Provisions, contingent liabilities and contingent assets (continued)

All provisions are audited 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.

3.14 Equity and reserves

Share capital represents the nominal value of shares that have been issued. Other details for reserves are mentioned in note 11 to the financial statements.

4 Critical accounting judgements and key sources of estimation of uncertainty

4.1 Critical judgements in applying accounting policies

Determination of agent versus principal

Management has considered all relevant factors and circumstances in determining whether the Company is acting as a principal or as agent with respect to its brokerage commission revenue. Commission revenue is recognised when the service has been rendered and when the Company's right to receive the income has been established. The management believes this to be the most appropriate presentation on the grounds that the Company acts as an agent in the transaction rather than as a principal.

Classification of shareholders' contribution

In judging whether the capital contributions are financial liability or equity instruments, management has considered the detailed criteria for the determination of such classification as set out in IAS 32 Financial Instruments: Presentation. Management is satisfied that the shareholders' contributions and shareholders' account have been appropriately classified as an equity instrument.

4.2 Key sources of estimation uncertainty

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 year, are summarised below:

Calculation of loss allowance

Management measures loss allowance in accordance with IFRS 9 which requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset.

Management has assessed requirements of IFRS 9 and concluded that the ECL is not required to be recorded as the financial assets recorded by the Company are fully collateralised.

4 Critical accounting judgements and key sources of estimation of uncertainty (continued)

4.2 Key sources of estimation uncertainty (continued)

Calculation of loss allowance (continued)

The uncertainties caused by COVID-19 have required the Company to reassess the inputs and assumptions used for the determination of expected credit losses ("ECLs") as at 31 December 2022. The ECL model was reassessed for the impact of COVID-19 mainly the operational disruptions faced by customers, volatility in potential economic conditions, incidents of defaults etc. which may likely to lead to increase in the ECL allowance for trade receivables in line with the requirements of IFRS 9 *Financial Instruments*. The Company has recognized allowance for ECL on its marginal loans for the year ended 31 December 2022 amounting to AED 70,000 (2021: AED 70,000).

Useful lives and residual values of property and equipment and intangible assets

Management reviews the residual values and estimated useful lives of property and equipment and intangible assets at the end of each annual reporting period in accordance with IAS 16 and IAS 38. Management determined that current year expectations do not differ from previous estimates based on its review.

Impairment of property and equipment, and intangible assets

Property and equipment, and intangible assets are assessed for impairment based on assessment of cash flows on individual cash generating units when there is indication of impairment. Cash flows are determined based on contractual agreements and estimations over the useful life of the assets and discounted using a range of discounting rates representing the rate of return on such cash generating units. The net present values are compared to the carrying amounts to assess any probable impairment.

Management is satisfied that property and equipment, and intangible assets is not impaired as at the year-end.

5 Property and equipment

	Furniture and fixtures AED	Computer and equipment AED	Motor vehicles AED	Right-of-use asset AED	Total AED
Cost					
At 1 January 2021	1,790,483	1,479,711	58,000	1,350,423	4,678,617
Additions during the year	-	31,059	-	-	31,059
At 31 December 2021	1,790,483	1,510,770	58,000	1,350,423	4,709,676
Additions during the year	-	14,248	-	-	14,248
At 31 December 2022	**1,790,483**	**1,525,018**	**58,000**	**1,350,423**	**4,723,924**
Accumulated depreciation					
At 1 January 2021	1,269,988	1,476,572	58,000	517,662	3,322,222
Charge for the year	160,742	4,543	-	270,085	435,370
At 31 December 2021	1,430,730	1,481,115	58,000	787,747	3,757,592
Charge for the year	159,055	15,719	-	270,084	444,858
At 31 December 2022	**1,589,785**	**1,496,834**	**58,000**	**1,057,831**	**4,202,450**
Net carrying amount					
As at 31 December 2022	**200,698**	**28,184**	**-**	**292,592**	**521,474**
As at 31 December 2021	359,753	29,655	-	562,676	952,084

6 Intangible assets

	2022	2021
	AED	AED
Cost		
Balance at 1 January	**956,243**	883,192
Additions during the year	**16,515**	73,051
Balance at 31 December	**972,758**	956,243
Accumulated amortization		
Balance at 1 January	**854,006**	843,975
Amortization for the year	**13,861**	10,031
Balance at 31 December	**867,867**	854,006
Net carrying amount	**104,891**	102,237

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 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 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 31 December 2022, the carrying amount of the margin loans net of the expected credit loss amounted to AED 40,327,818 (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 101,871,557 (2021: AED 99,253,240). As at 31 December 2022, the commitments extended to customer for margin loan has an undrawn limit of AED 2,702,181 (2021: AED 2,067,197)

Interest earned from margin loans for the year ended 31 December 2022 amounted to AED 3,094,867 (2021: AED 3,239,441).

8 Trade and other receivables

	2022	2021
	AED	AED
Trade receivables	**5,170**	3,381
Net settlement due from Dubai Financial Market	**1,085,454**	198,092
	1,090,624	201,473

8 Trade and other receivables (continued)

The ageing for the trade receivables is as follows:

	2022	2021
	AED	AED
1 – 90 days	**4,781**	2,898
More than 90 days	**389**	483
Total	**5,170**	3,381

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

9 Other current assets

	2022	2021
	AED	AED
Prepaid expenses	**317,626**	292,610
Security deposits	**36,650**	36,650
Others	**1,182,918**	1,181,079
	1,537,194	1,510,339

10 Cash and cash equivalents

	2022	2021
	AED	AED
Cash on hand	**40,438**	24,356
Cash at banks	**32,185,467**	44,964,994
	32,225,905	44,989,350

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the Central Bank of UAE. Accordingly, management of the Company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the banks, the management of the Company have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

11 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 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. (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.

In accordance with the requirement of Article 103 of UAE Federal Law No. (32) of 2021, the Company has appropriated 5% of its net profit amounting to AED 22,454 to the statutory reserves in the current year.

The shareholders of the Company are currently in the process of amending the statutory documents, to reflect the changes required due to application of the UAE Federal law No. (32) of 2021.

12 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. Future minimum lease payments at 31 December are as follows:

31 December 2022	Within one year	One to five years	Total
Lease payments	318,263	-	318,263
Finance charges	(1,142)	-	(1,142)
Net present values	**317,121**	**-**	**317,121**

31 December 2021	Within one year	One to five years	Total
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 17,435 for the year ended 31 December 2022 (2021: AED 30,948).

13 Trade and other payables

	2022	2021
	AED	AED
Trade payables	**17,804,942**	19,837,367
Provision for staff bonus	**597,021**	558,751
Value-added tax – net	**45,493**	56,635
Net settlement account with Abu Dhabi Securities Exchange	**-**	505,328
Other payables	**421,603**	319,893
	18,869,059	21,277,974

14 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) Transactions with Parent Company

	2022	2021
	AED	AED
Commission income	**1,537,150**	1,825,302
Interest on facilities	**-**	(2,750)

b) Transactions with key management personnel

	2022	2021
	AED	AED
Short-term employee benefits	**2,600,605**	2,487,457
Post-employment benefits	**86,127**	57,692

c) Due to the Parent Company

	2022	2021
	AED	AED
SICO BSC (c) – Operating	**6,712,016**	15,924,698
	6,712,016	15,924,698

15 Provision for employees' end of service benefits

	2022	2021
	AED	AED
Balance at 1 January	**826,326**	541,754
Charge during the year – Note 16	**187,723**	297,594
Settlement during the year	**(26,771)**	(13,022)
Balance at 31 December	**987,278**	826,326

16 General and administrative expenses

	2022	2021
	AED	AED
Salaries and related benefits	**4,105,053**	3,814,717
Software and licensing	**1,220,314**	1,360,300
Utilities	**196,810**	192,452
Employees' end of service benefits - Note 15	**187,723**	297,594
Rent expense	**113,400**	114,480
Professional fees	**62,533**	63,580
Insurance	**51,102**	44,747
Other expenses	**140,653**	148,311
	6,077,588	6,036,181

17 Financial instruments

	2022	2021
	AED	AED
Financial assets		
Cash and cash equivalents	**32,225,905**	44,989,350
Trade and other receivables	**1,090,624**	201,473
Margin loans	**40,327,818**	39,350,122
Other current assets (excluding prepaid expenses and VAT)	**1,219,568**	1,217,729
	74,863,915	85,758,674
Financial liabilities		
Lease liability	**317,121**	603,235
Trade and other payables (excluding VAT)	**18,823,566**	21,221,339
Due to a related party	**6,712,016**	15,924,698
	25,852,703	37,749,272

18 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 audited 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 and trade receivables. The current accounts 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 margin loans. The interest rates for margin loans 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 impose risk due to fluctuations in exchange rates during the year. The Company maintains policies and procedures to manage the exchange rate risk exposure.

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.

18 Risk management (continued)

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 31 December 2022, the Company's capital adequacy ratio as per the SCA Circular (12/R) of 2010 is 5.72 (31 December 2021: 5.66).

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.

	2022	2021
	AED	AED
Tier 1 Capital	**33,766,159**	33,252,798
Tier 2 Capital	**15,051,382**	15,118,343
Tier 3 Capital	**-**	-
Total capital base	**48,817,541**	48,371,141
Capital requirement	**8,539,590**	8,539,114
Capital adequacy ratio	**5.72**	5.66

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

Tier 2 capital includes subordinated debt instruments, the maturity dates of which are no less than five years.

Tier 3 capital includes the profits of the trading portfolio of the brokerage firm and subordinated debt instruments, the maturity dates which are not less than two years, after deduction of non-liquid assets.

18 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 tables show the maturity profile of financial liabilities as at 31 December 2022:

	Less than 1 year AED	**More than 1 year AED**	**Total AED**
Financial liabilities			
Lease liability	**317,121**	**-**	**317,121**
Trade and other payables (excluding VAT)	**18,823,566**	**-**	**18,823,566**
Due to a related party	**6,712,016**	**-**	**6,712,016**
	25,852,703	**-**	**25,852,703**

The following tables show the maturity profile of financial liabilities as at 31 December 2021:

	Less than 1 year AED	More than 1 year AED	Total AED
Financial liabilities			
Lease liability	286,234	317,001	603,235
Trade and other payables (excluding VAT)	21,221,339	-	21,221,339
Due to a related party	15,924,698	-	15,924,698
	37,432,271	317,001	37,749,272

19 Fair value of financial instruments

As at 31 December 2022 and 31 December 2021, The management considers that the fair values of financial assets and financial liabilities in these financial statements approximate their carrying amounts.

20 Contingent liabilities

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

21 Approval of financial statements

The financial statements were approved and authorized for issue by the Board of Directors on 2 March 2023.