Al Sharq Financial Brokerage Company K.S.C. (Closed)
State of Kuwait

Interim condensed financial information (Unaudited)
and the review report
For the nine month period ended 30 September 2023

Al Sharq Financial Brokerage Company K.S.C. (Closed)
State of Kuwait

Interim condensed financial information (Unaudited) and the review report
For the nine month period ended 30 September 2023

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Report on review of interim condensed financial information

To the Board of Directors
Al Sharq Financial Brokerage Company K.S.C. (Closed)
State of Kuwait

Introduction
We have reviewed the interim condensed financial information of Al Sharq Financial Brokerage Company K.S.C. (Closed) (the "Company"), which comprise the interim condensed statement of financial position as at 30 September 2023, and the interim condensed statements of comprehensive income, changes in equity and cash flows for the nine month period then ended. The Company's management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review
We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed 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 information is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements
Furthermore, based on our review, the interim condensed financial information is in agreement with the books of account of the Company. We further report that nothing has come to our attention indicating any violations of the Companies' Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Company's Articles of Association and Memorandum of Incorporation, as amended, or of the Law No. 7 of 2010 concerning the Establishment of Capital Markets Authority and Organization of Securities Activity and its Executive Regulations, as amended, during the nine month period ended 30 September 2023 that would materially affect the Company's activities or its interim condensed financial position.

Other Matter
We draw attention to Note 7 to the interim condensed financial information with respect to the penalties and violations report that were imposed on the Company by the Capital Markets Authority during the financial year ended 31 December 2022.

Faisal Saqer Al Saqer
License No. 172 – "A"
BDO Al Nisf & Partners

Kuwait: 25 October 2023

Al Sharq Financial Brokerage Company K.S.C. (Closed)
State of Kuwait

Interim condensed statement of financial position (Unaudited)
As at 30 September 2023

	Notes	30 September 2023	(Audited) 31 December 2022	30 September 2022
		KD	KD	KD
ASSETS				
Non-current assets				
Furniture and equipment		63,676	75,141	76,721
Right-of-use assets		175,228	47,036	64,225
Intangible assets		46,100	58,100	67,013
Restricted bank balances	3	639,627	476,238	938,083
		924,631	656,515	1,146,042
Current assets				
Accounts receivable and other debit balances		207,223	438,980	278,487
Due from a related party	6	16,400	-	-
Financial assets at fair value through profit or loss	8	1,234,322	1,263,817	1,277,086
Cash and cash equivalents	3	10,123,794	10,480,853	10,015,375
		11,581,739	12,183,650	11,570,948
Total assets		12,506,370	12,840,165	12,716,990
EQUITY AND LIABILITIES				
EQUITY				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		932,552	932,552	825,626
Retained earnings		792,463	1,180,352	1,233,027
Total equity		11,725,015	12,112,904	12,058,653
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		356,738	326,776	330,457
Lease liabilities		68,345	10,057	39,765
		425,083	336,833	370,222
Current liabilities				
Lease liabilities		118,848	50,110	36,712
Accounts payable and other credit balances	4	237,424	340,318	251,403
		356,272	390,428	288,115
Total liabilities		781,355	727,261	658,337
Total equity and liabilities		12,506,370	12,840,165	12,716,990

The accompanying notes on pages 6 to 12 form an integral part of this interim condensed financial information.

Hesham Salem Al Roomi
Chairman

شركة الشرق للوساطة المالية
Al Sharq Financial Brokerage

Al Sharq Financial Brokerage Company K.S.C. (Closed)
State of Kuwait

Interim condensed statement of comprehensive income (Unaudited)
For the nine month period ended 30 September 2023

	Note	Three months ended 30 September		Nine months ended 30 September	
		2023	**2022**	**2023**	**2022**
		KD	KD	KD	KD
Revenues:					
Trading commission income	5	329,536	399,297	850,868	1,509,377
Net investment income		211,516	73,798	401,977	220,296
Other income		-	-	77	-
		541,052	473,095	1,252,922	1,729,673
Expenses and charges:					
General and administrative expenses		239,685	224,072	722,734	735,633
Finance costs		1,425	1,561	4,037	-
Foreign currency translation (gain) / loss		(3,519)	-	3,331	5,487
		237,591	225,633	730,102	741,120
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat		303,461	247,462	522,820	988,553
Contribution to Kuwait Foundation for the Advancement of Sciences		(2,748)	(2,227)	(4,713)	(8,897)
Zakat		(2,841)	(2,038)	(5,996)	(9,113)
Total comprehensive income for the period		297,872	243,197	512,111	970,543

The accompanying notes on pages 6 to 12 form an integral part of this interim condensed financial information.

Interim condensed statement of changes in equity (Unaudited)

For the nine month period ended 30 September 2023

	Share capital	Statutory reserve	Retained earnings	Total equity
	KD	KD	KD	KD
At 1 January 2022	10,000,000	825,626	1,162,484	11,988,110
Total comprehensive income for the period	-	-	970,543	970,543
Dividends (Note 7)	-	-	(900,000)	(900,000)
At 30 September 2022	10,000,000	825,626	1,233,027	12,058,653
At 1 January 2023	10,000,000	932,552	1,180,352	12,112,904
Total comprehensive income for the period	-	-	512,111	512,111
Dividends (Note 7)	-	-	(900,000)	(900,000)
At 30 September 2023	10,000,000	932,552	792,463	11,725,015

The accompanying notes on pages 6 to 12 form an integral part of this interim condensed financial information.

Interim condensed statement of cash flows (Unaudited)
For the nine month period ended 30 September 2023

	Notes	Nine months ended 30 September	
		2023	2022
		KD	KD
OPERATING ACTIVITIES			
Profit for the period		512,111	970,543
Adjustment for:			
Depreciation		24,000	30,000
Amortization of right-of-use assets and intangible assets		101,090	103,740
Net investment income		(401,977)	(220,296)
Finance costs		4,037	5,487
Employees' end of service benefits		42,000	42,545
		281,261	932,019
Changes in working capital:			
Accounts receivable and other debit balances		231,757	(4,035)
Due from a related party		(16,400)	-
Accounts payable and other credit balances		(102,894)	(172,818)
Net cash flows generated from operations		393,724	755,166
Net movement in restricted bank balances		(163,389)	(151,993)
Employees' end of service benefits paid		(12,038)	-
Net cash flows generated from operating activities		218,297	603,173
INVESTING ACTIVITIES			
Purchase of furniture and equipment		(12,535)	(11,025)
Purchase of intangible assets		-	(58,533)
Purchase of financial assets at fair value through profit or loss		-	(156,060)
Proceeds from sale of financial assets at fair value through profit or loss		28,146	194,647
Interest income received		347,237	156,528
Dividends received		56,089	81,756
Net cash flows generated from investing activities		418,937	207,313
FINANCING ACTIVITIES			
Dividends paid	7	(900,000)	(900,000)
Payment of lease liabilities		(90,256)	(94,293)
Finance costs paid		(4,037)	(5,487)
Net cash flows used in financing activities		(994,293)	(999,780)
Net decrease in cash and cash equivalents		(357,059)	(189,294)
Cash and cash equivalents at beginning of the period		10,480,853	10,204,669
Cash and cash equivalents at the end of the period	3	10,123,794	10,015,375

The Company has the following non-cash transaction during the period, which is not reflected in the statement of cash flows:

Non-cash transaction:		
Additions on right of use assets and lease liabilities	217,282	13,391

The accompanying notes on pages 6 to 12 form an integral part of this interim condensed financial information.

1. INCORPORATION AND ACTIVITIES

Al Sharq Financial Brokerage Company K.S.C (Closed) (the "Company") is a Kuwaiti Shareholding Closed Company registered in the State of Kuwait. The Company was incorporated on 16 March 1986 as per Memorandum of Incorporation No. 406/Vol. 1, as amended. The last amendment to the Articles of Association and the Memorandum of Incorporation was notarized in the Commercial Register under No. 16158 on 28 March 2021.

The Company is regulated and supervised by the Capital Markets Authority ("CMA") as a financial brokerage Company.

In accordance with the Memorandum of Incorporation and Articles of Association, the objectives for which the Company has been established comprise the following:

- Carrying out securities brokerage marketable in Boursa Kuwait.
- The Company may not carry out any other activity, other than what is mentioned in the previous paragraph, especially securities speculation or any other commercial or real estate acts.
- Excluded from the prohibition mentioned in the previous paragraph is the investment of the Company's funds (which does not exceed half of its total share capital and its reserves) in long-term investment shares and purchase of properties to be utilized as offices or for residential purposes for the Company's staff, after obtaining prior approval from Capital Markets Authority, considering the regulations and decisions issued by the CMA from time to time.
- Selling, buying and subscription to Sukuk and bonds for the Company's account only.

On 6 January 2021, the Extraordinary General Assembly has approved the latest amendment to Article No. 4, paragraph 4 of the Articles of Association and Article No. 5, paragraph 4 of the Memorandum of Incorporation to add the following objective:

- Securities broker not registered with the stock exchange market.

This amendment was notarized in the Commercial Register on 28 March 2021.

The Company's total number of employees is 55 employees as at 30 September 2023 (31 December 2022: 51 employees and 30 September 2022: 55 employees).

The registered address of the Company is: Boursa Kuwait, P.O. Box 187, Al-Dakhli Market, Postal Code 15252, State of Kuwait.

The interim condensed financial information for the nine month period ended 30 September 2023 was authorized for issue by the Board of Directors on 25 October 2023.

2. BASIS OF PREPARATION

This Company's interim condensed financial information has been prepared in accordance with IAS 34 Interim Financial Reporting. This interim condensed financial information does not include all the information and disclosures required for preparation of complete annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs"). In the opinion of Company's management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included.

The operating results for the nine month period ended 30 September 2023 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2023. For further information, refer to the Company's annual audited financial statements for the financial year ended 31 December 2022.

2. BASIS OF PREPARATION (CONTINUED)

The interim condensed financial information has been presented in Kuwaiti Dinars ("KD") which is also the functional and presentation currency of the Company.

Changes in significant accounting policies
The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those adopted in the preparation of the annual audited financial statements of the Company for the financial year ended 31 December 2022, except for the application of new standards effective as of 1 January 2023, which do not have a material impact on the interim condensed financial information of the Company. Summary of these amendments is provided below:

New standards, interpretations, and amendments applied by the Company
Several amendments are applied for the first time in 2023, but they do not have an impact on the interim condensed financial information of the Company.

- IFRS 17: Insurance Contracts.
- Definition of Accounting Estimates - Amendments to IAS (8).
- Disclosure of Accounting Policies - Amendments to IAS (1) and IFRS Practice Statement (2)

The Company has not applied any standards, interpretations, or amendments issued but not yet effective.

Use of judgements and estimates
In preparing this interim condensed financial information, management has made judgements and estimates 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 adopting the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual audited financial statements.

The Company has established a control framework in relation to the measurement of fair values which includes a valuation team that has overall responsibility for overseeing all significant fair value measurements.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further details about the assumptions made in measuring fair value are included in (Note 8).

3. CASH AND CASH EQUIVALENTS

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Cash and bank balances	490,644	745,853	375,375
Short term deposits	9,633,150	9,735,000	9,640,000
*Restricted bank balances	639,627	476,238	938,083
Cash on hand and at banks	10,763,421	10,957,091	10,953,458
Less: restricted bank balances	(639,627)	(476,238)	(938,083)
Cash and cash equivalents	10,123,794	10,480,853	10,015,375

- The profit rate on short term deposits is 4.55% per annum (31 December 2022: 1.9% and 30 September 2022: 1.25% per annum).
- *Restricted bank balances represent bank accounts restricted in favor of Kuwait Clearing Company K.S.C. (“KCC”) to guarantee the brokerage operations. The authorization granted to Kuwait Clearing Company to manage these bank accounts is irrevocable.

4. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Accounts payable	53,797	43,201	48,646
Dividends payable (Note 6)	116,282	111,619	112,406
Employees’ accrued leave	47,196	50,368	51,469
Accrued expenses	886	45,468	811
Accrued Board of Directors remuneration (Note 6)	-	35,000	-
Accrued committees’ remuneration (Note 6)	-	25,000	-
Contribution to Kuwait Foundation for the Advancement of Sciences	14,336	9,623	18,758
Zakat	4,927	20,039	19,313
	237,424	340,318	251,403

5. TRADING COMMISSION INCOME

The Company's Trading commission income is as follows:

	Trading Division For the nine month period ended 30 September	
	2023	**2022**
	KD	KD
Trading commission income	850,868	1,509,377
Total revenue from contracts with customers	850,868	1,509,377
Type of service		
Trading commission income– listed shares	828,841	1,497,000
Trading commission income– unlisted shares	22,027	12,377
Total revenue from contracts with customers	850,868	1,509,377
Geographical markets		
State of Kuwait	850,868	1,509,377
Total revenue from contracts with customers	850,868	1,509,377
Timing of revenue recognition		
Services rendered at a point in time	850,868	1,509,377
Total revenue from contracts with customers	850,868	1,509,377

	Trading Division For the three month period ended 30 September	
	2023	**2022**
	KD	KD
Trading commission income	329,536	399,297
Total revenue from contracts with customers	329,536	399,297
Type of service		
Trading commission income– listed shares	314,528	397,406
Trading commission income– unlisted shares	15,008	1,891
Total revenue from contracts with customers	329,536	399,297
Geographical markets		
State of Kuwait	329,536	399,297
Total revenue from contracts with customers	329,536	399,297
Timing of revenue recognition		
Services rendered at a point in time	329,536	399,297
Total revenue from contracts with customers	329,536	399,297

6. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties represent major shareholders, Board of Directors and key management personnel of the Company, and entities controlled or significantly influenced by such parties. The pricing policies and conditions for these transactions are approved by the Company's management.

The related party balances and transactions included in the interim condensed financial information are as follows:

	30 September 2023	(Audited) 31 December 2022	30 September 2022
	KD	KD	KD
Interim condensed statement of financial position:			
Due from a related party	16,400	-	-
Dividends payable (Note 4)	116,282	111,619	112,406
Accrued Board of Directors remuneration (Note 4)	-	35,000	-
Accrued committees' remuneration (Note 4)	-	25,000	-

Interim condensed statement of comprehensive income:	**Three months ended 30 September**		**Nine months ended 30 September**	
	2023	**2022**	**2023**	**2022**
	KD	KD	KD	KD
Transactions				
KAMCO Investment Company K.S.C.P - Shareholder				
Trading commission income	13,018	24,443	37,896	66,534
Key management compensation				
Salaries and short-term benefits	15,223	15,315	53,875	53,946

7. ANNUAL GENERAL ASSEMBLY MEETING

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 19 April 2023 approved the following:

- The financial statements for the financial year ended 31 December 2022.
- Discussion of the penalties and violations report, that were imposed on the Company by the Capital Markets Authority during the financial year ended 31 December 2022.
- Distribution of 9% cash dividends amounted to KD 900,000 from the retained earnings for the financial year ended 31 December 2022 to the shareholders of the Company as on the date of the Ordinary Annual General Assembly of the Company's shareholders.
- An amount of KD 25,000 as a remuneration to be paid to the Board of Directors for the financial year ended 31 December 2022.
- KD 33,000 as a remuneration to be paid to the committees for the financial year ended 31 December 2022.

7. ANNUAL GENERAL ASSEMBLY MEETING (CONTINUED)

The Annual Ordinary General Assembly of the Company's shareholders, held on 7 April 2022, approved the following:
- The financial statements for the financial year ended 31 December 2021.
- Distribution of 9% cash dividends amounted to KD 900,000 from the retained earnings for the financial year ended 31 December 2021 to the shareholders of the Company as on the date of the Ordinary Annual General Assembly of the Company's shareholders.
- An amount of KD 25,000 as a remuneration to be paid to the Board of Directors for the financial year ended 31 December 2021.
- KD 36,000 as a remuneration to be paid to the committees for the financial year ended 31 December 2021.

8. FAIR VALUE MEASUREMENT

The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, Grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial assets are classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets measured at fair value in the interim condensed statement of financial position are grouped into the fair value hierarchy as follows:

30 September 2023	**Level 1**	**Level 3**	**Total**
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	176,700	-	176,700
Local unquoted securities	-	16,328	16,328
Investment Fund	-	1,041,294	1,041,294
	176,700	1,057,622	1,234,322

31 December 2022 (Audited)	**Level 1**	**Level 3**	**Total**
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	177,676	-	177,676
Local unquoted securities	-	16,701	16,701
Investment Fund	-	1,069,440	1,069,440
	177,676	1,086,141	1,263,817

8. FAIR VALUE MEASUREMENT (CONTINUED)

30 September 2022	**Level 1**	**Level 3**	**Total**
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	183,377	-	183,377
Local unquoted securities	-	16,701	16,701
Investment Fund	-	1,077,008	1,077,008
	183,377	1,093,709	1,277,086