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

Interim condensed financial information (Unaudited)
and the review report
For the six month period ended 30 June 2024

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

Interim condensed financial information (Unaudited) and the review report
For the six month period ended 30 June 2024

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Tel: +965 2242 6999
Fax: +965 2240 1666
www.bdo.com.kw

Al Shaheed Tower, 6th Floor
Khaled Ben Al Waleed Street, Sharq
P.O. Box 25578, Safat 13116
Kuwait

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 June 2024, and the interim condensed statements of comprehensive income, changes in equity and cash flows for the six month period then ended. The Company's management is responsible for the preparation and 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 International Accounting Standard 34 ("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, nor of the Company's Articles of Association and Memorandum of Incorporation, as amended, or of 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 six month period ended 30 June 2024 that would materially affect the Company's activities or its interim condensed financial position.

Other Matter

We draw attention to Note 8 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 2023.

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

Kuwait: 15 July 2024.

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

Interim condensed statement of financial position (Unaudited)
As at 30 June 2024

	Notes	30 June 2024	(Audited) 31 December 2023	30 June 2023
		KD	KD	KD
ASSETS				
Non-current assets				
Furniture and equipment		112,469	70,842	71,541
Right of use assets		323,651	379,104	104,479
Intangible assets		40,721	48,795	50,100
Restricted bank balances	3	543,048	466,014	639,395
		1,019,889	964,755	865,515
Current assets				
Accounts receivable and other debit balances		244,809	243,031	193,040
Financial assets at fair value through profit or loss	9	1,176,777	1,199,879	1,250,424
Due from a related party	7	-	-	9,200
Term deposit	4	7,000,000	7,000,000	7,000,000
Cash and cash equivalents	3	3,101,805	3,572,660	2,810,667
		11,523,391	12,015,570	11,263,331
Total assets		12,543,280	12,980,325	12,128,846
EQUITY AND LIABILITIES				
EQUITY				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		997,211	997,211	932,552
Retained earnings		466,236	824,243	494,591
Total equity		11,463,447	11,821,454	11,427,143
LIABILITIES				
Non-current liabilities				
Employees' end of service benefits		499,752	444,703	342,738
Lease liabilities		108,419	105,421	82,937
		608,171	550,124	425,675
Current liabilities				
Lease liabilities		233,907	288,854	35,121
Accounts payable and other credit balances	5	237,755	319,893	240,907
		471,662	608,747	276,028
Total liabilities		1,079,833	1,158,871	701,703
Total equity and liabilities		12,543,280	12,980,325	12,128,846

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

Hesham Salem Al Roomi
Chairman

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

Interim condensed statement of comprehensive income (Unaudited)
For the six month period ended 30 June 2024

	Note	Three months ended 30 June		Six months ended 30 June	
		2024	2023	2024	2023
		KD	KD	KD	KD
Revenues:					
Trading commission income	6	370,487	252,851	854,948	521,332
Net investment income		106,472	71,482	240,720	183,611
Other income		500	77	640	77
		477,459	324,410	1,096,308	705,020
Expenses and charges:					
General and administrative expenses		339,222	226,773	633,777	483,049
Finance costs		5,036	1,907	10,649	2,612
		344,258	228,680	644,426	485,661
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat		133,201	95,730	451,882	219,359
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(1,214)	(1,965)	(4,060)	(1,965)
Zakat		(2,728)	(3,155)	(5,829)	(3,155)
Total comprehensive income for the period		129,259	90,610	441,993	214,239

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

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

Interim condensed statement of changes in equity (Unaudited)
For the six month period ended 30 June 2024

	Share capital	Statutory reserve	Retained earnings	Total equity
	KD	KD	KD	KD
At 1 January 2023	10,000,000	932,552	1,180,352	12,112,904
Total comprehensive income for the period	-	-	214,239	214,239
Dividends (Note 8)	-	-	(900,000)	(900,000)
At 30 June 2023	10,000,000	932,552	494,591	11,427,143
At 1 January 2024	10,000,000	997,211	824,243	11,821,454
Total comprehensive income for the period	-	-	441,993	441,993
Dividends (Note 8)	-	-	(800,000)	(800,000)
At 30 June 2024	10,000,000	997,211	466,236	11,463,447

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

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

Interim condensed statement of cash flows (Unaudited)
For the six month period ended 30 June 2024

	Notes	Six months ended 30 June 2024	Six months ended 30 June 2023
		KD	KD
OPERATING ACTIVITIES			
Profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat		451,882	219,359
Adjustment for:			
Depreciation		18,019	16,000
Amortization of right of use assets and intangible assets		63,527	68,698
Gain on sale of furniture and equipment		(640)	-
Net investment income		(240,720)	(183,611)
Finance costs		10,649	2,612
Employees' end of service benefits		71,226	28,000
		373,943	151,058
Changes in working capital:			
Accounts receivable and other debit balances		(1,778)	245,940
Due from a related party		-	(9,200)
Accounts payable and other credit balances		(90,290)	(90,273)
Net cash flows generated from operations		281,875	297,525
Net movement in restricted bank balances		(77,034)	(163,157)
Employees end of service benefits paid		(16,177)	(12,038)
Zakat paid		(6,921)	(21,108)
Net cash flows generated from operating activities		181,743	101,222
INVESTING ACTIVITIES			
Purchase of furniture and equipment		(63,606)	(12,400)
Proceeds from sale of furniture and equipment		4,600	-
Proceeds from sale of financial assets at fair value through profit or loss ("FVPL")		10,032	-
Term deposit		-	(7,000,000)
Dividends received		30,750	56,467
Interest income received		223,040	142,416
Net cash flows generated from / (used in) investing activities		204,816	(6,813,517)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(51,949)	(55,279)
Dividends paid	8	(794,816)	(900,000)
Finance costs paid		(10,649)	(2,612)
Net cash flows used in financing activities		(857,414)	(957,891)
Net decrease in cash and cash equivalents		(470,855)	(7,670,186)
Cash and cash equivalents at beginning of the period		3,572,660	10,480,853
Cash and cash equivalents at the end of the period	3	3,101,805	2,810,667

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 ("CMA"), 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 61 employees as at 30 June 2024 (31 December 2023: 57 employees and 30 June 2023: 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 six-month period ended 30 June 2024 was authorized for issue by the Board of Directors on 15 July 2024.

2. BASIS OF PREPARATION

The 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). In the opinion of Company's management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included.

2. BASIS OF PREPARATION (CONTINUED)

The operating results for the six month period ended 30 June 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024. For further information, refer to the Company's annual audited financial statements for the financial year ended 31 December 2023.

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

Certain comparative information in the interim condensed statement of comprehensive income has been reclassified to conform to the current period presentation. Such reclassification did not have any effect on the profit for the period and the interim condensed statement of equity of the Company (Note 10).

2.1 Changes in material accounting policy information

New standards, interpretations and amendments applied by the Company

Several amendments are applied for the first time in 2024, but they do not have an impact on the interim condensed financial information of the Company.
- Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current

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 material 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 financial statements.

The Company has established a control framework with respect to the measurement of fair values. This 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 Accounting Standards, including the level in the fair value hierarchy in which the valuations should be classified.

2. BASIS OF PREPARATION (CONTINUED)

Use of judgements and estimates (continued)

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 9).

3. CASH AND CASH EQUIVALENTS

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Cash and bank balances	269,305	831,360	381,667
Short term deposits	2,832,500	2,741,300	2,429,000
*Restricted bank balances	543,048	466,014	639,395
Cash on hand and at banks	3,644,853	4,038,674	3,450,062
Less: restricted bank balances	(543,048)	(466,014)	(639,395)
Cash and cash equivalents	3,101,805	3,572,660	2,810,667

- The profit rate on short term deposits is 4% per annum (31 December 2023: 1.9% and 30 June 2023: 4.9% 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. TERM DEPOSIT

This item represents a deposit in Kuwaiti dinars with a local bank and carries an interest rate of 4.125% (31 December 2023: 4.65% and 30 June 2023: 1.15%) per annum over the Central Bank of Kuwait discount rate, and has a contractual maturity period of more than three months from the placement date and less than a year from the date of the interim condensed financial information.

5. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	30 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Accounts payable	32,169	44,766	58,705
Dividends payable (Note 7)	121,466	116,282	116,282
Employees' accrued leave	68,208	53,275	51,445
Accrued expenses	971	35,597	801
Accrued Board of Directors' remuneration (Note 7)	-	25,000	-
Accrued committees' remuneration (Note 7)	-	33,000	-
Contribution to Kuwait Foundation for the Advancement of Sciences	9,879	5,819	11,588
Zakat	5,062	6,154	2,086
	237,755	319,893	240,907

6. TRADING COMMISSION INCOME

The Company's trading commission income is as follows:

	Trading system	
	For the six month period ended 30 June	
	2024	2023
	KD	KD
Trading commission income	854,948	521,332
Total revenue from contracts with customers	854,948	521,332
Type of service		
Trading commission income – listed shares	836,503	514,313
Trading commission income – unlisted shares	18,445	7,019
Total revenue from contracts with customers	854,948	521,332
Geographical markets		
State of Kuwait	854,948	521,332
Total revenue from contracts with customers	854,948	521,332
Timing of revenue recognition		
Services rendered at a point in time	854,948	521,332
Total revenue from contracts with customers	854,948	521,332

6. TRADING COMMISSION INCOME (CONTINUED)

	Trading system	
	For the three month period ended 30 June	
	2024	2023
	KD	KD
Trading commission income	370,487	252,851
Total revenue from contracts with customers	370,487	252,851
Type of service		
Trading commission income – listed shares	365,228	251,581
Trading commission income – unlisted shares	5,259	1,270
Total revenue from contracts with customers	370,487	252,851
Geographical markets		
State of Kuwait	370,487	252,851
Total revenue from contracts with customers	370,487	252,851
Timing of revenue recognition		
Services rendered at a point in time	370,487	252,851
Total revenue from contracts with customers	370,487	252,851

7. 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 June 2024	(Audited) 31 December 2023	30 June 2023
	KD	KD	KD
Interim condensed statement of financial position:			
Due from a related party	-	-	9,200
Dividends payable (Note 5)	121,466	116,282	116,282
Accrued Board of Directors' remuneration (Note 5)	-	25,000	-
Accrued committees' remuneration (Note 5)	-	33,000	-

7. RELATED PARTY BALANCES AND TRANSACTIONS (CONTINUED)

Interim condensed statement of comprehensive income:	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	KD	KD	KD	KD
Transactions				
KAMCO Investment Company K.S.C.P. – Shareholder				
Trading commission income	21,705	20,142	40,829	39,705
Key management personnel compensation				
Salaries and short-term benefits	19,401	19,866	38,728	38,652

8. ANNUAL GENERAL ASSEMBLY MEETING

The Annual Ordinary General Assembly of the shareholders of the Parent Company held on 13 March 2024 approved the following:

- The financial statements for the financial year ended 31 December 2023.
- The penalties and violations report, that were imposed on the Company by the Capital Markets Authority during the financial year ended 31 December 2023.
- Distribution of 8% cash dividends amounted to KD 800,000 from the retained earnings for the financial year ended 31 December 2023 to the shareholders of the Company as on the date of the Ordinary Annual General Assembly of the Company's shareholders.
- KD 25,000 as a remuneration to be paid to the Board of Directors' for the financial year ended 31 December 2023.
- KD 33,000 as a remuneration to be paid to the committees for the financial year ended 31 December 2023.

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.
- 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.
- 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.

9. 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).

9. FAIR VALUE MEASUREMENT (CONTINUED)

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 June 2024	**Level 1**	**Level 3**	**Total**
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	149,182	-	149,182
Local unquoted securities	-	16,302	16,302
Investment Fund	-	1,011,293	1,011,293
	149,182	1,027,595	1,176,777

31 December 2023 (Audited)	**Level 1**	**Level 3**	**Total**
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	164,377	-	164,377
Local unquoted securities	-	16,302	16,302
Investment Fund	-	1,019,200	1,019,200
	164,377	1,035,502	1,199,879

30 June 2023	**Level 1**	**Level 3**	**Total**
	KD	KD	KD
Financial assets at fair value through profit or loss			
Local quoted securities	188,100	-	188,100
Local unquoted securities	-	16,729	16,729
Investment Fund	-	1,045,595	1,045,595
	188,100	1,062,324	1,250,424

10. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative information in the interim condensed statement of comprehensive income has been reclassified to conform to the current period presentation. This reclassification did not affect the previously reported profit for the period, equity, or the opening balances of the earliest comparative period presented, and accordingly, a third statement of interim condensed financial position has not been presented. Details of the reclassification is shown below:

30 June 2023	**As previously stated**	**Effect of reclassification**	**After reclassification**
	KD	KD	KD
Interim condensed statement of comprehensive income			
Net investment income	190,461	(6,850)	183,611
Foreign exchange loss	(6,850)	6,850	-