

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

Interim condensed financial information (Unaudited)
and the review report

For the three month period ended 31 March 2025

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

Interim condensed financial information (Unaudited) and the review report
For the three month period ended 31 March 2025

Contents	Pages
Report on review of interim condensed financial information	1
Interim condensed statement of financial position (Unaudited)	2
Interim condensed statement of comprehensive income (Unaudited)	3
Interim condensed statement of changes in equity (Unaudited)	4
Interim condensed statement of cash flows (Unaudited)	5
Notes to the interim condensed financial information (Unaudited)	6-11

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 31 March 2025, and the interim condensed statements of comprehensive income, changes in equity and cash flows for the three 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 three month period ended 31 March 2025 that would materially affect the Company's activities or its interim condensed financial position.



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

Kuwait: 24 April 2025

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

Interim condensed statement of financial position (Unaudited)
As at 31 March 2025

		(Audited)		
	Notes	31 March 2025 KD	31 December 2024 KD	31 March 2024 KD
ASSETS				
Non-current assets				
Furniture and equipment		111,175	98,186	115,098
Right of use assets		239,890	267,810	351,571
Intangible assets		68,102	71,289	44,758
Restricted bank balances	3	506,889	506,729	542,864
		926,056	944,014	1,054,291
Current assets				
Accounts receivable and other debit balances		437,750	319,150	352,576
Financial assets at fair value through profit or loss ("FVPL")	9	1,170,517	1,182,762	1,193,112
Term deposit	4	7,000,000	7,000,000	7,000,000
Cash and cash equivalents	3	3,165,763	3,933,364	2,835,284
		11,774,030	12,435,276	11,380,972
Total assets		12,700,086	13,379,290	12,435,263
EQUITY AND LIABILITIES				
EQUITY				
Share capital		10,000,000	10,000,000	10,000,000
Statutory reserve		1,111,508	1,111,508	997,211
Retained earnings		441,509	1,004,049	336,977
Total equity		11,553,017	12,115,557	11,334,188
LIABILITIES				
Non-current liabilities				
Lease liabilities		596,621	580,627	107,101
Employees' end of service benefits		147,371	111,403	470,157
		743,992	692,030	577,258
Current liabilities				
Lease liabilities		114,073	177,401	261,620
Accounts payable and other credit balances	5	289,004	394,302	262,197
		403,077	571,703	523,817
Total liabilities		1,147,069	1,263,733	1,101,075
Total equity and liabilities		12,700,086	13,379,290	12,435,263

The accompanying notes on pages 6 to 11 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 three month period ended 31 March 2025

		Three months ended	
		31 March	
	Note	2025	2024
		KD	KD
Revenues:			
Trading commission income	6	766,623	484,461
Net investments income		39,585	134,248
Other income		-	140
		<u>806,208</u>	<u>618,849</u>
Expenses and charges:			
General and administrative expenses		355,586	294,555
Finance costs		4,072	5,613
		<u>359,658</u>	<u>300,168</u>
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS") and Zakat		446,550	318,681
Contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(4,465)	(2,846)
Zakat		(4,625)	(3,101)
Total comprehensive income for the period		<u>437,460</u>	<u>312,734</u>

The accompanying notes on pages 6 to 11 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 three month period ended 31 March 2025

	Share capital KD	Statutory reserve KD	Retained earnings KD	Total equity KD
At 1 January 2024				
Total comprehensive income for the period	10,000,000	997,211	824,243	11,821,454
Dividends	-	-	312,734	312,734
At 31 March 2024	<u>10,000,000</u>	<u>997,211</u>	<u>(800,000)</u>	<u>(800,000)</u>
				<u>11,334,188</u>
At 1 January 2025				
Total comprehensive income for the period	10,000,000	1,111,508	1,004,049	12,115,557
Dividends (Note 8)	-	-	437,460	437,460
At 31 March 2025	<u>10,000,000</u>	<u>1,111,508</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>
				<u>11,553,017</u>

The accompanying notes on pages 6 to 11 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 three month period ended 31 March 2025

	Note	Three months ended 31 March	
		2025	2024
		KD	KD
OPERATING ACTIVITIES			
Profit for the year		437,460	312,734
<i>Adjustment for:</i>			
Depreciation		9,825	9,325
Gain on sale of furniture and equipment		-	(140)
Amortization of right of use assets and intangible assets		33,935	31,570
Net investments income		(39,585)	(134,248)
Employees' end of service benefits		17,618	25,454
Provision for KFAS		4,465	2,846
Provision for Zakat		4,625	3,101
Finance costs		4,072	5,613
		472,415	256,255
<i>Changes in working capital:</i>			
Accounts receivable and other debit balances		(118,600)	(21,500)
Accounts payable and other credit balances		(121,116)	(69,136)
Net cash flows generated from operations		232,699	165,619
Net movement in restricted bank balances		(160)	(76,850)
Employees' end of service benefits paid		(1,624)	-
Net cash flows generated from operating activities		230,915	88,769
INVESTING ACTIVITIES			
Purchase of furniture and equipment		(22,814)	(57,541)
Proceeds from sale of furniture and equipment		-	4,100
Additions on intangible assets		(2,828)	-
Proceeds from sale of financial assets at fair value through profit or loss ("FVPL")		6,969	5,941
Dividends received		15,234	15,440
Interest income received		29,627	31,589
Net cash flows generated from / (used in) investing activities		26,188	(471)
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(27,360)	(25,554)
Dividends paid		(993,272)	(794,507)
Finance costs paid		(4,072)	(5,613)
Cash flows used in financing activities		(1,024,704)	(825,674)
Net decrease in cash and cash equivalents		(767,601)	(737,376)
Cash and cash equivalents at beginning of the period		3,933,364	3,572,660
Cash and cash equivalents at the end of the period	3	3,165,763	2,835,284

The accompanying notes on pages 6 to 11 form an integral part of this interim condensed financial information.

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

Notes to the interim condensed financial information (Unaudited)
For the three month period ended 31 March 2025

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.

On July 14, 2024, 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 objectives:

- Registered Securities Broker in Boursa Kuwait.
- Unregistered Securities Broker in Boursa Kuwait.
- Buying and selling of securities and bonds for the Company's account.
- Buying and selling of land and real estate exclusively for the Company's account.

This amendment was notarized in the Commercial Register on 28 July 2024.

The Company's total number of employees is 60 employees as at 31 March 2025 (31 December 2024: 58 employees and 31 March 2024: 57 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 three-month period ended 31 March 2025 was authorized for issue by the Board of Directors on 24 April 2025.

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.

The operating results for the three month period ended 31 March 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025. For further information, refer to the Company's annual audited financial statements for the financial year ended 31 December 2024.

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

2.1 Changes in material accounting policy information

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those adopted in the preparation of the annual financial statements of the Company for the financial year ended 31 December 2024, except for the application of new standards effective as of 1 January 2025, 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 2025, but they do not have an impact on the interim condensed financial information of the Company.

Lack of Exchangeability (Amendment to IAS 21)

On 15 August 2023, the IASB issued Lack of Exchangeability which amended IAS 21 The Effects of Changes in Foreign Exchange Rates (the Amendments). The Amendments arose as a result of a submission received by the IFRS Interpretations Committee about the determination of the exchange rate when there is a long-term lack of exchangeability. IAS 21, prior to the amendments, did not include explicit requirements for the determination of the exchange rate when a currency is not exchangeable into another currency, which led to diversity in practice.

The Committee recommended that the IASB develop narrow scope amendments to IAS 21 to address this issue. After further deliberations, the IASB issued an exposure draft of the proposed amendments to IAS 21 in April 2021 and the final amendments were issued in August 2023.

The amendments introduce requirements to assess when a currency is exchangeable into another currency and when it is not. The amendments require an entity to estimate the spot exchange rate when it concludes that a currency is not exchangeable into another currency

Notes to the interim condensed financial information (Unaudited)
For the three month period ended 31 March 2025

2. BASIS OF PREPARATION (CONTINUED)

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.

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).

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 audited 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.

3. CASH AND CASH EQUIVALENTS

	31 March 2025	(Audited) 31 December 2024	31 March 2024
	KD	KD	KD
Cash and bank balances	105,763	903,364	193,284
Short term deposits	3,060,000	3,030,000	2,642,000
*Restricted bank balances	506,889	506,729	542,864
Cash on hand and at banks	3,672,652	4,440,093	3,378,148
Less: restricted bank balances	(506,889)	(506,729)	(542,864)
Cash and cash equivalents	<u>3,165,763</u>	<u>3,933,364</u>	<u>2,835,284</u>

- The effective interest rate on short term deposits is 3.5% (31 December 2024: 3.9% and 31 March 2024: 4.4%) per annum.
- *Restricted bank balances represent bank accounts restricted in favor of Kuwait Clearing Company K.S.C. (Closed) ("KCC") to guarantee the brokerage operations. The authorization granted to KCC 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% (31 December 2024: 4% and 31 March 2024: 4.65%) per annum, 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.

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

Notes to the interim condensed financial information (Unaudited)
For the three month period ended 31 March 2025

5. ACCOUNTS PAYABLE AND OTHER CREDIT BALANCES

	31 March 2025	(Audited) 31 December 2024	31 March 2024
	KD	KD	KD
Accounts payable	39,790	33,610	62,919
Dividends payable (Note 7)	127,822	121,094	121,775
Employees' accrued leave	71,644	64,563	58,612
Accrued expenses	17,558	88,935	971
Accrued committees' remuneration (Note 7)	-	38,000	-
Accrued Board of Directors' remuneration (Note 7)	-	25,000	-
KFAS payable	14,745	10,280	8,665
Zakat payable	17,445	12,820	9,255
	<u>289,004</u>	<u>394,302</u>	<u>262,197</u>

6. TRADING COMMISSION INCOME

The Company's trading commission income is as follows:

	Trading system For the three month period ended 31 March	
	2025	2024
	KD	KD
Trading commission income	766,623	484,461
Total revenue from contracts with customers	<u>766,623</u>	<u>484,461</u>
Type of service		
Trading commission income – listed shares	751,902	471,275
Trading commission income – unlisted shares	14,721	13,186
Total revenue from contracts with customers	<u>766,623</u>	<u>484,461</u>
Geographical markets		
State of Kuwait	766,623	484,461
Total revenue from contracts with customers	<u>766,623</u>	<u>484,461</u>
Timing of revenue recognition		
Services rendered at a point in time	766,623	484,461
Total revenue from contracts with customers	<u>766,623</u>	<u>484,461</u>

Notes to the interim condensed financial information (Unaudited)
For the three month period ended 31 March 2025

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:

	31 March 2025	(Audited) 31 December 2024	31 March 2024
	KD	KD	KD
Interim condensed statement of financial position:			
Dividends payable (Note 5)	127,822	121,094	121,775
Accrued committees' remuneration (Note 5)	-	38,000	-
Accrued Board of Directors' remuneration (Note 5)	-	25,000	-
Interim condensed statement of comprehensive income:		Three months ended 31 March	
		2025	2024
		KD	KD
Transactions			
<i>KAMCO Investment Company K.S.C.P. – Shareholder</i>			
Trading commission income		16,831	19,124
Key management personnel compensation			
Salaries and short-term benefits		27,157	19,327

8. ANNUAL GENERAL ASSEMBLY MEETING

The Annual Ordinary General Assembly of the shareholders of the Company held on 19 March 2025 approved the financial statements for the financial year ended 31 December 2024, and the distribution of 10% cash dividends amounted to KD 1,000,000 from the retained earnings for the financial year ended 31 December 2024 to the shareholders of the Company as on the date of the Ordinary Annual General Assembly of the Company's shareholders. In addition, the Annual General Assembly of the shareholders approved KD 25,000 as a remuneration to be paid to the Board of Directors' for the financial year ended 31 December 2024 and KD 38,000 as a remuneration to be paid to the Committees' for the financial year ended 31 December 2024.

Notes to the interim condensed financial information (Unaudited)
For the three month period ended 31 March 2025

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).

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:

31 March 2025	Level 1	Level 3	Total
	KD	KD	KD
<i>Financial assets at fair value through profit or loss</i>			
Local quoted securities	144,445	-	144,445
Local unquoted securities	-	22,699	22,699
Investment Fund	-	1,003,373	1,003,373
	<u>144,445</u>	<u>1,026,072</u>	<u>1,170,517</u>
31 December 2024 (Audited)	Level 1	Level 3	Total
	KD	KD	KD
<i>Financial assets at fair value through profit or loss</i>			
Local quoted securities	142,500	-	142,500
Local unquoted securities	-	22,740	22,740
Investment Fund	-	1,017,522	1,017,522
	<u>142,500</u>	<u>1,040,262</u>	<u>1,182,762</u>
31 March 2024	Level 1	Level 3	Total
	KD	KD	KD
<i>Financial assets at fair value through profit or loss</i>			
Local quoted securities	160,583	-	160,583
Local unquoted securities	-	16,302	16,302
Investment Fund	-	1,016,227	1,016,227
	<u>160,583</u>	<u>1,032,529</u>	<u>1,193,112</u>