

**Boursa Kuwait Securities Company K.P.S.C.  
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)**

**30 SEPTEMBER 2021**





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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C.**

### **Report on the Interim Condensed Consolidated Financial Information**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Bursa Kuwait Securities Company K.P.S.C. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 30 September 2021, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three months and nine months periods then ended, and the related interim condensed consolidated statements of changes in equity and cash flows for the nine months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated 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 consolidated financial information based on our review.

#### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Report on Other Legal and Regulatory Requirements**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the nine month period ended 30 September 2021 that might have had a material effect on the business of the Parent Company or on its financial position.



**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF BOURSA KUWAIT SECURITIES COMPANY K.P.S.C. (continued)**

**Report on Other Legal and Regulatory Requirements (continued)**

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the nine month period ended 30 September 2021 that might have had a material effect on the business of the Parent Company or on its financial position.

A handwritten signature in blue ink, appearing to read 'Bader A. Al Abduljader', is written over a horizontal dotted line.

BADER A. AL ABDULJADER  
LICENSE NO. 207 A  
EY  
AL AIBAN, AL OSAIMI & PARTNERS

1 November 2021  
Kuwait

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2021

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		KD	KD	KD	KD
<b>REVENUE</b>					
Subscription fees		1,705,697	1,749,544	5,111,179	5,220,349
Share in trading commission		2,132,639	1,529,698	6,650,314	4,196,023
Miscellaneous fees		1,519,496	1,567,472	4,243,340	2,196,757
Clearing, settlement and depository fees		1,936,133	1,630,161	6,165,641	1,630,161
		<u>7,293,965</u>	<u>6,476,875</u>	<u>22,170,474</u>	<u>13,243,290</u>
<b>EXPENSES</b>					
General and administrative expense		(1,064,287)	(964,596)	(2,994,581)	(2,182,467)
Staff costs		(1,886,511)	(2,014,731)	(5,862,978)	(3,904,203)
Reversal of (allowance for) expected credit losses	5, 6	(20,506)	(1,952)	116,452	(12,079)
		<u>(2,971,304)</u>	<u>(2,981,279)</u>	<u>(8,741,107)</u>	<u>(6,098,749)</u>
<b>OPERATING PROFIT</b>		<u>4,322,661</u>	<u>3,495,596</u>	<u>13,429,367</u>	<u>7,144,541</u>
Net investment income		28,338	75,956	122,786	75,956
Interest income		251,103	161,287	694,411	387,796
Rental income		214,094	235,794	636,014	735,900
Net gain on business combination	4	-	13,223,871	-	13,223,871
Other income		69,161	151,075	161,372	228,240
Share of results of an associate		-	-	-	1,284,497
Interest expense on lease liabilities		(11,209)	(10,295)	(33,692)	(32,797)
<b>PROFIT BEFORE TAX</b>		<u>4,874,148</u>	<u>17,333,284</u>	<u>15,010,258</u>	<u>23,048,004</u>
Contribution to Kuwait Foundation for Advancement of Sciences ("KFAS")		(29,870)	(165,710)	(91,873)	(204,298)
Zakat		5,618	(181,560)	(57,267)	(226,508)
National Labor Support Tax ("NLST")		(59,856)	-	(266,246)	-
<b>PROFIT FOR THE PERIOD</b>		<u>4,790,040</u>	<u>16,986,014</u>	<u>14,594,872</u>	<u>22,617,198</u>
Other comprehensive income for the period		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<u>4,790,040</u>	<u>16,986,014</u>	<u>14,594,872</u>	<u>22,617,198</u>
<b>Attributable to:</b>					
Equity holders of the Parent Company		3,846,148	16,176,930	11,682,360	21,808,114
Non-controlling interest		943,892	809,084	2,912,512	809,084
		<u>4,790,040</u>	<u>16,986,014</u>	<u>14,594,872</u>	<u>22,617,198</u>
<b>BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	3	<u>19.16</u> Fils	<u>80.57</u> fils	<u>58.19</u> Fils	<u>108.62</u> fils


The attached notes 1 to 14 form part of this interim condensed consolidated financial information.


Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2021

	Notes	30 September 2021 KD	(Audited) 31 December 2020 KD	30 September 2020 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	4	31,745,352	31,824,089	31,875,100
Goodwill	4	9,492,308	9,492,308	9,492,308
Property and equipment		1,437,316	1,363,042	1,427,955
Right of use assets		1,118,105	840,776	894,066
Accounts receivable and other assets	5	668,345	1,418,005	1,193,487
Financial assets at fair value through other comprehensive income	13	278,902	278,902	384,623
Debt instruments at amortised cost	6	1,181,026	3,900,000	4,900,000
Restricted cash	8	2,600,000	2,600,000	2,600,000
		<u>48,521,354</u>	<u>51,717,122</u>	<u>52,767,539</u>
<b>Current assets</b>				
Accounts receivable and other assets	5	3,329,784	2,352,482	2,749,012
Debt instruments at amortised cost	6	1,000,000	1,000,000	-
Term deposits	7	16,075,836	29,484,240	32,084,240
Cash and cash equivalents	8	36,874,680	19,606,620	11,693,754
		<u>57,280,300</u>	<u>52,443,342</u>	<u>46,527,006</u>
<b>TOTAL ASSETS</b>		<u>105,801,654</u>	<u>104,160,464</u>	<u>99,294,545</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		20,077,575	20,077,575	20,077,575
Statutory reserve		4,066,211	4,066,211	1,437,434
Voluntary reserve		4,066,211	4,066,211	1,437,434
Fair value reserve		(128,985)	(128,985)	(42,376)
Retained earnings		28,374,391	24,723,061	25,980,427
<b>Equity attributable to equity holders of the Parent Company</b>		<u>56,455,403</u>	<u>52,804,073</u>	<u>48,890,494</u>
Non-controlling interests		38,239,661	37,930,399	36,640,945
<b>Total equity</b>		<u>94,695,064</u>	<u>90,734,472</u>	<u>85,531,439</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		1,390,146	5,219,202	5,052,480
Lease liabilities		956,879	736,856	711,417
		<u>2,347,025</u>	<u>5,956,058</u>	<u>5,763,897</u>
<b>Current liabilities</b>				
Accounts payable and other liabilities	10	8,617,775	7,353,764	7,865,117
Lease liabilities		141,790	116,170	134,092
		<u>8,759,565</u>	<u>7,469,934</u>	<u>7,999,209</u>
<b>Total liabilities</b>		<u>11,106,590</u>	<u>13,425,992</u>	<u>13,763,106</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>105,801,654</u>	<u>104,160,464</u>	<u>99,294,545</u>

  
Hamad Mishari Al-Humaidhi  
Chairman

  
Mohammad Saud Al-Osaimi  
Chief Executive Officer

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 September 2021

	<i>Attributable to equity holders of the Parent Company</i>					<i>Sub-total</i> KD	<i>Non-controlling interests</i> KD	<i>Total equity</i> KD
	<i>Share capital</i> KD	<i>Statutory reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Fair value reserve</i> KD	<i>Retained earnings</i> KD			
As at 1 January 2021 ( <i>Audited</i> )	20,077,575	4,066,211	4,066,211	(128,985)	24,723,061	52,804,073	37,930,399	90,734,472
Profit for the period	-	-	-	-	11,682,360	11,682,360	2,912,512	14,594,872
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	11,682,360	11,682,360	2,912,512	14,594,872
Dividend to equity holders of the Parent Company (Note 9)	-	-	-	-	(8,031,030)	(8,031,030)	-	(8,031,030)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(2,603,250)	(2,603,250)
<b>At 30 September 2021</b>	<b>20,077,575</b>	<b>4,066,211</b>	<b>4,066,211</b>	<b>(128,985)</b>	<b>28,374,391</b>	<b>56,455,403</b>	<b>38,239,661</b>	<b>94,695,064</b>
As at 1 January 2020 ( <i>Audited</i> )	20,077,575	1,437,434	1,437,434	(42,376)	9,191,707	32,101,774	-	32,101,774
Profit for the period	-	-	-	-	21,808,114	21,808,114	809,084	22,617,198
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	21,808,114	21,808,114	809,084	22,617,198
On acquisition of a subsidiary (Note 4)	-	-	-	-	-	-	35,869,361	35,869,361
Other movement in non-controlling interests	-	-	-	-	-	-	(37,500)	(37,500)
Dividends (Note 9)	-	-	-	-	(5,019,394)	(5,019,394)	-	(5,019,394)
At 30 September 2020	20,077,575	1,437,434	1,437,434	(42,376)	25,980,427	48,890,494	36,640,945	85,531,439

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 30 September 2021

	Notes	Nine months ended 30 September	
		2021 KD	2020 KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax		15,010,258	23,048,004
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation of property and equipment		488,015	292,896
Depreciation of right of use assets		157,477	111,637
Amortisation of intangible asset		101,411	193,657
(Reversal of) allowance for expected credit losses	5, 6	(116,452)	12,079
Share of results of an associate		-	(1,284,497)
Net gain on business combination		-	(13,223,871)
Interest income		(694,411)	(387,796)
Net investment income		(122,786)	(75,956)
Interest expense on lease liabilities		33,692	32,797
Rent concession		(65,699)	-
Provision for employee's end of service benefits		510,494	247,528
		<b>15,301,999</b>	<b>8,966,478</b>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		(163,516)	1,236,482
Accounts payable and other liabilities		1,414,041	922,915
Cash flows from operations		16,552,524	11,125,875
Employees' end of service benefits paid		(4,339,550)	(167,535)
Taxation paid		(442,522)	(160,325)
Board of Directors' remuneration paid		(408,000)	-
Net cash flows from operating activities		<b>11,362,452</b>	<b>10,798,015</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(424,289)	(76,774)
Additions on right of use assets		-	(2,988)
Additions on intangible assets		(22,674)	(57,734)
Proceeds from redemption of debt instruments at amortised cost		2,700,000	-
Net movement in term deposits		13,408,404	(10,870,342)
Acquisition of additional shares in an associate		-	(3,782,500)
Dividends received from an associate		-	1,068,000
Acquisition of a subsidiary, net of cash acquired		-	2,738,570
Net investment income received		122,786	75,956
Interest income received		627,711	383,372
Net cash flows from (used in) investing activities		<b>16,411,938</b>	<b>(10,524,440)</b>
<b>FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(157,156)	(209,164)
Dividend paid to non-controlling interest		(2,603,250)	-
Dividends paid to equity holders of the Parent Company		(7,745,924)	(4,261,349)
Net cash flows used in financing activities		<b>(10,506,330)</b>	<b>(4,470,513)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as at 1 January		19,606,620	15,890,692
<b>CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER</b>	8	<b>36,874,680</b>	<b>11,693,754</b>
<b>Non-cash transactions excluded from the interim condensed consolidated statement of cash flows are as follows:</b>			
Right of use assets		(434,806)	-
Lease liabilities		434,806	-

The attached notes 1 to 14 form part of this interim condensed consolidated financial information.

# Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

### 1 CORPORATE AND GROUP INFORMATION

The interim condensed consolidated financial information of Boursa Kuwait Securities Company K.P.S.C. (“the Parent Company”) and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2021 was authorised for issue by the Board of Directors on 1 November 2021.

The consolidated financial statements for the year ended 31 December 2020 were approved by the shareholders at the Annual General Assembly meeting held on 1 April 2021. Dividends declared and paid by the Group for the year then ended are provided in Note 9.

The Parent Company was incorporated as a Kuwaiti Shareholding Public Company under the Memorandum of Associate No. 2357 dated 22 April 2014, which was published in the official gazette dated 27 April 2014. The Parent Company was recorded in the Commercial register under No. 355538 on 16 October 2014 and is regulated by Capital Market Authority (CMA).

The registered head office of the Parent Company is located at Boursa Kuwait Building, Sharq, Kuwait P.O. Box 1027 Dasman, 15461 Kuwait.

The nationwide initial public offering of the shares of the Parent Company had been implemented between 1 October 2019 and 1 December 2019 with the distribution of the CMA’s 50% share to Kuwaiti citizens. After the allocation of the remaining 50% of the Parent Company’s shares, the Parent Company is 94% owned by citizens and the private sector, while the Kuwaiti government, through the Public Institution for Social Security, has the remaining 6%.

On 14 September 2020, the Parent Company became listed on Boursa Kuwait.

The Parent Company was established for the following main objectives:

- ▶ Operation of a securities exchange designated for matching bid and ask offers for securities, following the procedures of trading, and performing the usual functions of securities market.
- ▶ Provide design, development and processing of electronic data services related to the field of operating securities exchanges.
- ▶ Provide support services for third parties’ accounts in the field of securities exchange.
- ▶ Provide financial matters related consultations and preparation of feasibility studies in the field of securities exchange.
- ▶ Establishment or participate in establishment of entities inside the State of Kuwait or abroad, of various legal forms within the scope of securities exchange markets business after getting prior consent of CMA.
- ▶ The Parent Company may have interests or participate in any suitable way with entities that engage in similar business activities or that may help the Parent Company achieve its objectives inside Kuwait and abroad, as per applicable laws and regulations.
- ▶ The Parent Company may utilize available financial surplus from its investment in banking deposits or government securities whether inside Kuwait or abroad.
- ▶ Any other objectives of securities exchange markets, which are stipulated for in CMA law or any of its resolutions.

The Parent Company may carry out the above business in the State of Kuwait or abroad.



# Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

### 1 CORPORATE AND GROUP INFORMATION (continued)

The interim condensed consolidated financial statements of the Group include:

Name of subsidiaries	Country of incorporation	% equity interest			Principal activities
		<i>(Audited)</i>			
		30 September 2021	31 December 2020	30 September 2020	
<i>Directly held</i>					
Boursa Kuwait for Business Economical and Information Technology Advisory Services Company W.L.L.	Kuwait	100%	100%	100%	Administrative, economic and information technology consulting
Kuwait Clearing Company K.S.C. (Closed) (KCC)	Kuwait	50%	50%	50%	Provides clearing, settlement and depository services
<i>Held through KCC</i>					
Kuwait International Trustee Company K.S.C. (Closed)	Kuwait	99.25%	99.25%	99.25%	Providing trustee services
Kuwait Clearing House K.S.C. (Closed) [formerly Kuwait International Settlement and Clearing Company K.S.C. (Closed)]	Kuwait	99.25%	99.25%	99.25%	Performing clearing and settlement between securities trading operations
Kuwait Central Securities Depository K.S.C. (Closed) [formerly Kuwait International Depository Services K.S.C. (Closed)]	Kuwait	99.25%	99.25%	99.25%	Providing central depository, saving and transfer of ownership services.

### 2 BASIS OF PREPARATION AND CHANGES TO GROUP'S ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed consolidated financial information for the nine months ended 30 September 2021 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The management considers that there are no material uncertainties that may cast doubt significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020.

#### 2.2 New standards, interpretations and amendments adopted by the Group

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

**2 BASIS OF PREPARATION AND CHANGES TO GROUP'S ACCOUNTING POLICIES (continued)**

**2.2 New standards, interpretations and amendments adopted by the Group (continued)**

**Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:

- ▶ A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- ▶ Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- ▶ Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the interim condensed consolidated financial information of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

**3 BASIC AND DILUTED EARNINGS PER SHARE**

Basic and diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period as follows:

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
Profit for the period (KD)	<b>3,846,148</b>	16,176,930	<b>11,682,360</b>	21,808,114
Weighted average number of shares outstanding during the period	<b>200,775,750</b>	200,775,750	<b>200,775,750</b>	200,775,750
<b>Basic and diluted earnings per share</b>	<b>19.16 fils</b>	80.57 fils	<b>58.19 fils</b>	108.62 fils

As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

**4 BUSINESS COMBINATIONS**

On 15 July 2020 (“acquisition date”), the Parent Company acquired additional equity interest of 33,375,000 shares in Kuwait Clearing Company K.S.C. (Closed) (“KCC”) (previously accounted for as investment in an associate) for a total consideration of KD 15,018,750 increasing its interest from 33.339% to 50%. Out of the total additional shares acquired, 26,700,000 shares were acquired from a related party at arm’s length transaction. At the acquisition date, the Group determined that it exercises control over Kuwait Clearing Company K.S.C. (Closed) and consequently finalised the Purchase Price Allocation (“PPA”) exercise during the period ended 30 September 2020 and accounted for this transaction under IFRS 3 “Business Combinations”. The PPA resulted in identifying an intangible asset of KD 31,631,600 pertaining to the Regulatory License (the “License”) obtained from Capital Market Authority of Kuwait (“CMA”) and a residual goodwill arising from the transaction amounting to KD 9,492,308. The Parent Company has consolidated the financial statements of KCC from acquisition date.

As a result of obtaining control over Kuwait Clearing Company K.S.C. (Closed), the previously held interest, classified as investment in an associate, was remeasured at fair value at the acquisition date, resulting in a gain of KD 13,223,871 recognised in the interim condensed consolidated statement of profit or loss.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

**5 ACCOUNTS RECEIVABLE AND OTHER ASSETS**

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
Trade receivables, gross	<b>2,782,053</b>	3,182,149	3,261,987
Less: Allowance for expected credit losses	<b>(782,031)</b>	(917,457)	(848,247)
Trade receivables, net	<b>2,000,022</b>	2,264,692	2,413,740
Amounts due from related parties (Note 11)	<b>906,695</b>	187,500	262,500
Refundable deposits, advances and prepayments	<b>953,738</b>	945,442	616,252
Other receivables	<b>137,674</b>	372,853	650,007
	<b>3,998,129</b>	3,770,487	3,942,499
Non-current	<b>668,345</b>	1,418,005	1,193,487
Current	<b>3,329,784</b>	2,352,482	2,749,012
	<b>3,998,129</b>	3,770,487	3,942,499

Set out below is the movement in allowance for trade receivables:

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
As at 1 January	<b>917,457</b>	487,936	487,936
Transfer on acquisition of a subsidiary	-	358,632	348,232
ECL allowance included in the statement of profit or loss	<b>152,703</b>	70,889	12,079
Reversal of provision no longer required	<b>(288,129)</b>	-	-
As at the end of the period / year	<b>782,031</b>	917,457	848,247

**6 DEBT INSTRUMENTS AT AMORTISED COST**

	<i>30 September</i> <i>2021</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2020</i> <i>KD</i>	<i>30 September</i> <i>2020</i> <i>KD</i>
Debt instrument at amortised cost	<b>2,200,000</b>	4,900,000	4,900,000
Less: Allowance for expected credit losses	<b>(18,974)</b>	-	-
Debt Instrument at amortised cost, net	<b>2,181,026</b>	4,900,000	4,900,000
Non-current	<b>1,181,026</b>	3,900,000	4,900,000
Current	<b>1,000,000</b>	1,000,000	-
	<b>2,181,026</b>	4,900,000	4,900,000

# Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

### 6 DEBT INSTRUMENTS AT AMORTISED COST (continued)

Set out below is the movement in allowance for debt instruments at amortised cost:

	<b>30 September 2021</b>	<i>(Audited)</i> <b>31 December 2020</b>	<b>30 September 2020</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
As at 1 January	-	-	-
ECL allowance included in the statement of profit or loss	<b>18,974</b>	-	-
As at the end of the period / year	<b>18,974</b>	-	-

Debt instruments at amortised cost represents the Group's investment in locally issued bonds that carry an effective interest rate ranging from 4.75% to 5.75% per annum (31 December 2020: 4.75% to 6.5% and 30 September 2020: from 4.75% to 6.5%) and maturing over a period ranging from 2 to 6.5 years.

### 7 TERM DEPOSITS

Term deposits are placed with a local bank, denominated in Kuwaiti Dinar and carry an effective interest rate ranging from 1.96% to 2.30% as at 30 September 2021 (31 December 2020: 1.60% to 1.65% and 30 September 2020: from 1.52% to 1.62%) per annum and maturing within twelve months from the date of placement.

### 8 CASH AND CASH EQUIVALENTS

	<b>30 September 2021</b>	<i>(Audited)</i> <b>31 December 2020</b>	<b>30 September 2020</b>
	<b>KD</b>	<b>KD</b>	<b>KD</b>
Cash balances	<b>2,000</b>	4,974	7,474
Cash at bank	<b>7,374,302</b>	8,434,057	5,194,137
Short term deposits *	<b>32,101,380</b>	13,770,591	9,150,000
<b>Cash and short-term deposits</b>	<b>39,477,682</b>	22,209,622	14,351,611
Less: restricted cash **	<b>(2,600,000)</b>	(2,600,000)	(2,600,000)
Less: expected credit loss	<b>(3,002)</b>	(3,002)	(3,002)
Bank overdraft	-	-	(54,855)
<b>Cash and cash equivalents</b>	<b>36,874,680</b>	19,606,620	11,693,754

\*Short term deposits are placed with a local bank, denominated in Kuwaiti Dinar and carry an effective interest rate between 1.40% to 2.12% (31 December 2020: 1.26% to 1.63% and 30 September 2020: 1.26% to 1.63%) per annum and maturing within three months from the date of deposit.

\*\* Restricted cash represents a balance deposited in a local bank in accordance with the financial clearance guarantee policy stipulated by the Capital Markets Authority to be used to cover failures resulting from the trading of the broker's clients or custodian clients, after the financial guarantee provided to these clients (the broker and custodian) has been exhausted.

### 9 DIVIDENDS

On 1 April 2021, the shareholders approved in the AGM the distribution of cash dividends of 40 fils per share to the shareholders registered on the date of AGM amounting to KD 8,031,030 for the year ended 31 December 2020 which were paid subsequently.

On 9 June 2020, the shareholders approved in the AGM the distribution of cash dividends of 25 fils per share amounting to KD 5,019,394 for the year ended 31 December 2019 which were paid subsequently.

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

**10 ACCOUNTS PAYABLE AND OTHER LIABILITIES**

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Unearned revenues	<b>3,025,468</b>	1,408,184	3,025,937
Trade payables	<b>765,494</b>	891,746	649,190
Accrued expenses	<b>2,178,209</b>	2,290,972	1,352,991
Commission payable to Capital Market Authority	<b>217,304</b>	234,024	338,799
Accrued staff leave gratuity	<b>788,015</b>	1,038,737	1,002,548
Dividends payable	<b>900,011</b>	614,905	758,045
Other payables	<b>743,274</b>	875,196	737,607
	<b><u>8,617,775</u></b>	<u>7,353,764</u>	<u>7,865,117</u>

**11 RELATED PARTY DISCLOSURES**

These represents transactions with related parties, i.e. major shareholders, associate, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

The following table provides the total amount of transactions that have been entered with related parties during the nine months period ended 30 September 2021 and 2020, as well as, balances with related parties as at 30 September 2021, 31 December 2020 and 30 September 2020:

	<i>30 September 2021</i>				
	<i>Subscription fees KD</i>	<i>Other services rendered to related parties KD</i>	<i>Services rendered by related parties KD</i>	<i>Amounts owed to related parties KD</i>	<i>Amounts owed by related parties KD</i>
Major shareholders	<b>144,600</b>	-	-	-	-
Other related parties	<b>434,378</b>	<b>9,375</b>	<b>1,862</b>	-	<b>906,695</b>
	<b><u>578,978</u></b>	<b><u>9,375</u></b>	<b><u>1,862</u></b>	<u>-</u>	<b><u>906,695</u></b>
	<i>31 December 2020 (Audited)</i>				
	<i>Subscription fees KD</i>	<i>Other services rendered to related parties KD</i>	<i>Amounts owed to related parties KD</i>	<i>Amounts owed by related parties KD</i>	
Major shareholders	108,884	15,000	-	187,500	
	<u>108,884</u>	<u>15,000</u>	<u>-</u>	<u>187,500</u>	

Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

**11 RELATED PARTY DISCLOSURES (continued)**

	<i>30 September 2020</i>			
	<i>Subscription fees KD</i>	<i>Other services rendered to related parties KD</i>	<i>Amounts owed to related parties KD</i>	<i>Amounts owed by related parties KD</i>
Major shareholders	81,663	15,000	-	262,500
	<u>81,663</u>	<u>15,000</u>	<u>-</u>	<u>262,500</u>

Other related party transactions and balances with related parties:

	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>(Audited)</i>		
			<i>30 September 2021 KD</i>	<i>31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Staff receivables	-	<b>44,563</b>	<b>44,563</b>	113,376	112,931
Directors' remuneration payable	-	-	-	376,000	-
Committees Board of Directors remuneration payables	-	-	-	32,000	-

**Transactions with key management personnel**

Key management personnel comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Group. The aggregate value of transactions and outstanding balances related to key management personnel were as follows:

	<i>Transaction values for the nine months ended</i>		<i>Balance outstanding as at</i>		
	<i>30 September 2021 KD</i>	<i>30 September 2020 KD</i>	<i>30 September 2021 KD</i>	<i>31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Salaries and other short-term benefits	<b>1,105,094</b>	1,065,302	<b>210,255</b>	344,314	245,287
Employees end of service benefits	<b>147,872</b>	167,091	<b>562,221</b>	87,354	1,217,012
Board of Directors' remuneration	-	-	-	376,000	-
Board of Directors' committee remuneration	-	-	-	32,000	-
	<u><b>1,252,966</b></u>	<u>1,232,393</u>	<u><b>772,476</b></u>	<u>839,668</u>	<u>1,462,299</u>

**12 SEGMENT INFORMATION**

The Group's operating segments are determined based on the reports reviewed by the decision makers that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services; class of customers and marketing strategies of these segments are different.

Operating revenue recognised in the interim condensed consolidated statement of comprehensive income represents revenue from external customers and originated in the State of Kuwait.

The Group is primarily engaged in operating securities exchange related activities in the State of Kuwait. Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments.

## Boursa Kuwait Securities Company K.P.S.C. and its Subsidiaries

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

#### 12 SEGMENT INFORMATION (continued)

The following tables present information regarding the Group's segments activities:

	30 September 2021			30 September 2020		
	Securities exchange KD	Clearing KD	Total KD	Securities exchange KD	Clearing KD	Total KD
Operating revenue	12,932,151	9,238,323	22,170,474	10,632,925	2,610,365	13,243,290
Non-operating revenue	823,387	791,196	1,614,583	2,328,955	383,434	2,712,389
Operating expenses	(4,564,073)	(4,107,690)	(8,671,763)	(4,597,812)	(1,500,937)	(6,098,749)
Non-operating expenses	(444,522)	(73,900)	(518,422)	(429,779)	(33,824)	(463,603)
Gain on business combination	-	-	-	13,223,871	-	13,223,871
Segment result	<u>8,746,943</u>	<u>5,847,929</u>	<u>14,594,872</u>	<u>21,158,160</u>	<u>1,459,038</u>	<u>22,617,198</u>
Segment assets	<u>57,557,784</u>	<u>48,243,870</u>	<u>105,801,654</u>	<u>9,255,345</u>	<u>90,039,200</u>	<u>99,294,545</u>
Segment liabilities	<u>7,445,674</u>	<u>3,660,916</u>	<u>11,106,590</u>	<u>6,984,198</u>	<u>6,778,908</u>	<u>13,763,106</u>

#### 13 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

##### *Fair value hierarchy*

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- ▶ Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The management assessed that cash and short-term deposits, trade and other receivables, lease liabilities, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value measurements for the unquoted securities have been categorised as Level 3 fair values based on the inputs to the valuation techniques used.

There were no changes in the Group's valuation processes, valuation techniques, and types of inputs used in the fair value measurements during the period.

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the nine months ended 30 September 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

**13 FAIR VALUE MEASUREMENT (continued)**

Reconciliation of fair value measurement of non-listed equity investments classified as equity instruments designated at fair value through OCI:

	<i>Unquoted equity shares</i>		
	<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Opening balance as at 1 January	<b>278,902</b>	-	-
Transferred on business acquisition during the period/year	-	384,623	384,623
Remeasurement recognised in OCI	-	(105,721)	-
	<b>278,902</b>	<b>278,902</b>	<b>384,623</b>

The fair value of financial instruments classified as level 3 are, in certain circumstances, measured using valuation techniques that incorporate assumptions that are not evidenced by the prices from observable current market transactions in the same instrument and are not based on observable market data. The Group employs valuation techniques, depending on the instrument type and available market data. For example, in the absence of active market, an investment's fair value is estimated on the basis of an analysis of the investee's financial position and results, risk profile and other factors. Favourable and unfavourable changes in the value of financial instruments are determined on the basis of changes in the value of the instruments as a result of varying the levels of the unobservable parameters, quantification of which is judgmental. The management assessed that the impact on profit or loss or other comprehensive income would be immaterial if the relevant risk variables used to fair value the financial instruments classified as Level 3 were altered by 5 percent.

**14 IMPACT OF COVID-19 OUTBREAK**

On 11 March 2020, COVID-19 was declared as pandemic by the World Health Organisation and is causing disruptions to businesses and economic activities. The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. COVID-19 has brought about uncertainties in the global economic environment. In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and risk management are required to be considered and reported in the financial statements. The Group's business operations remain largely unaffected by the current situation and the Group has considered any impairment indicators and any significant uncertainties impacting its financial instruments and non-financial assets. Based on the assessment, the carrying value of these assets have been appropriately disclosed in the interim condensed consolidated financial statements.

As the situation continues to unfold, the Group will continuously monitor the market outlook and use relevant assumptions in reflecting the values of these assets as and when they occur.

The Group has performed an assessment of whether it is a going concern in the light of current economic conditions and all available information about future risks and uncertainties. The projections have been prepared covering the Group's future performance, capital, and liquidity. The impact of COVID-19 may continue to evolve, but at the present time, the projections show that the Group has ample resources to continue in operational existence and its going concern position remains largely unaffected and unchanged from 31 December 2020. As a result, the interim condensed consolidated financial information has been appropriately prepared on a going concern basis.



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