

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

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

**31 MARCH 2022**

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

### **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.S.C.P (the “Parent Company”) and its subsidiaries (collectively, the “Group”) as at 31 March 2022, and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three-month 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 three-month period ended 31 March 2022 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.S.C.P (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 three-month period ended 31 March 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



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

28 April 2022  
Kuwait



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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 31 March 2022

		31 March 2022 KD	(Audited) 31 December 2021 KD	31 March 2021 KD
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		31,905,062	31,917,441	31,820,438
Goodwill		9,492,308	9,492,308	9,492,308
Property and equipment		1,844,437	1,597,822	1,435,685
Right-of-use assets		1,043,145	1,085,611	1,179,261
Accounts receivable and other assets	4	486,096	482,143	1,158,086
Financial assets at fair value through other comprehensive income	12	159,256	159,256	278,902
Debt instruments at amortised cost	5	2,097,116	2,092,916	1,900,000
Restricted cash	7	2,600,000	2,600,000	2,600,000
		<u>49,627,420</u>	<u>49,427,497</u>	<u>49,864,680</u>
<b>Current assets</b>				
Accounts receivable and other assets	4	3,233,212	2,704,149	2,257,995
Debt instruments at amortised cost	5	-	-	1,000,000
Term deposits	6	41,250,000	51,125,836	30,500,000
Cash and cash equivalents	7	27,292,462	7,111,817	26,793,626
		<u>71,775,674</u>	<u>60,941,802</u>	<u>60,551,621</u>
<b>TOTAL ASSETS</b>		<u>121,403,094</u>	<u>110,369,299</u>	<u>110,416,301</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		20,077,575	20,077,575	20,077,575
Statutory reserve		5,730,290	5,730,290	4,066,211
Voluntary reserve		5,730,290	5,730,290	4,066,211
Fair value reserve		(188,808)	(188,808)	(128,985)
Retained earnings		21,454,035	29,258,956	27,987,922
<b>Equity attributable to equity holders of the Parent Company</b>		<u>52,803,382</u>	<u>60,608,303</u>	<u>56,068,934</u>
Non-controlling interests		40,538,807	39,246,222	36,257,678
<b>Total equity</b>		<u>93,342,189</u>	<u>99,854,525</u>	<u>92,326,612</u>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Employees' end of service benefits		1,333,424	1,227,170	4,821,024
Lease liabilities		903,836	918,993	887,528
		<u>2,237,260</u>	<u>2,146,163</u>	<u>5,708,552</u>
<b>Current liabilities</b>				
Accounts payable and other liabilities	9	25,624,726	8,181,931	12,123,790
Lease liabilities		198,919	186,680	257,347
		<u>25,823,645</u>	<u>8,368,611</u>	<u>12,381,137</u>
<b>Total liabilities</b>		<u>28,060,905</u>	<u>10,514,774</u>	<u>18,089,689</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>121,403,094</u>	<u>110,369,299</u>	<u>110,416,301</u>



Hamad Mishari Al-Humaidhi  
Chairman



Mohammad Saud Al-Osaimi  
Chief Executive Officer

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 31 March 2022

	<i>Attributable to equity holders of the Parent Company</i>					<i>Sub-total KD</i>	<i>Non- controlling interests KD</i>	<i>Total equity KD</i>
	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Fair value reserve KD</i>	<i>Retained earnings KD</i>			
<b>As at 1 January 2022 (Audited)</b>	<b>20,077,575</b>	<b>5,730,290</b>	<b>5,730,290</b>	<b>(188,808)</b>	<b>29,258,956</b>	<b>60,608,303</b>	<b>39,246,222</b>	<b>99,854,525</b>
Profit for the period	-	-	-	-	5,245,503	5,245,503	1,292,585	6,538,088
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	5,245,503	5,245,503	1,292,585	6,538,088
Cash dividends (Note 8)	-	-	-	-	(13,050,424)	(13,050,424)	-	(13,050,424)
<b>At 31 March 2022</b>	<b>20,077,575</b>	<b>5,730,290</b>	<b>5,730,290</b>	<b>(188,808)</b>	<b>21,454,035</b>	<b>52,803,382</b>	<b>40,538,807</b>	<b>93,342,189</b>
As at 1 January 2021 (Audited)	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	-	-	-	-	3,264,861	3,264,861	930,529	4,195,390
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	3,264,861	3,264,861	930,529	4,195,390
Cash dividends	-	-	-	-	-	-	(2,603,250)	(2,603,250)
At 31 March 2021	20,077,575	4,066,211	4,066,211	(128,985)	27,987,922	56,068,934	36,257,678	92,326,612

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(UNAUDITED)

For the period ended 31 March 2022

	Notes	Three months ended	
		31 March	
		2022	2021
		KD	KD
<b>OPERATING ACTIVITIES</b>			
Profit before tax		6,766,156	4,305,712
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation of property and equipment		135,341	149,649
Depreciation of right-of-use assets		55,663	52,973
Amortisation of intangible asset		26,968	20,457
Allowance for expected credit losses, net	4	131,743	4,255
Interest income		(286,595)	(208,446)
Net investment income		(24,531)	(58,932)
Foreign exchange differences		(4,200)	-
Interest expense on lease liabilities		10,766	11,382
Gain on derecognition of lease liabilities		(365)	-
Rent concession income		-	(6,971)
Provision for employee's end of service benefits		116,642	263,618
		<b>6,927,588</b>	<b>4,533,697</b>
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		(560,787)	350,151
Accounts payable and other liabilities		4,199,853	4,730,267
		<b>10,566,654</b>	<b>9,614,115</b>
Cash flows from operations		<b>10,566,654</b>	<b>9,614,115</b>
Employees' end of service benefits paid		(10,388)	(661,796)
		<b>10,556,266</b>	<b>8,952,319</b>
<b>Net cash flows from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(381,956)	(222,292)
Additions on intangible assets		(14,589)	(16,806)
Proceeds from redemption of debt instruments at amortised cost		-	2,000,000
Placement of term deposits		(6,400,000)	(30,500,000)
Withdrawal of term deposits		16,275,836	29,484,240
Net investment income received		10,063	58,932
Interest income received		197,091	208,446
		<b>9,686,445</b>	<b>1,012,520</b>
<b>Net cash flows from investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Payment of principal portion of lease liabilities		(26,516)	(104,020)
Dividends paid to equity holders of the Parent Company		(35,550)	(70,563)
Dividends paid to non-controlling interest		-	(2,603,250)
		<b>(62,066)</b>	<b>(2,777,833)</b>
<b>Net cash flows used in financing activities</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents as at 1 January		7,111,817	19,606,620
		<b>20,180,645</b>	<b>7,187,006</b>
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>			
	7	<b>27,292,462</b>	<b>26,793,626</b>
<b>Non-cash transactions excluded from the interim condensed consolidated statement of cash flows are as follows:</b>			
Additions to right-of-use assets		(42,466)	(391,458)
Additions to lease liabilities		42,466	391,458
Derecognition of leases (adjusted with right-of-use assets)		29,269	-
Derecognition of leases (adjusted with lease liabilities)		(29,269)	-

The attached notes 1 to 12 form part of this interim condensed consolidated financial information.

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

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

As at and for the period ended 31 March 2022

### 1 CORPORATE AND GROUP INFORMATION

The interim condensed consolidated financial information of Boursa Kuwait Securities Company K.S.C.P. (“the Parent Company”) and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2022 were authorised for issue in accordance with a resolution of the board of directors on 28 April 2022.

The consolidated financial statements for the year ended 31 December 2021 were approved by the shareholders at the Annual General Assembly meeting (“AGM”) held on 24 March 2022. Dividends declared and paid by the Group for the year then ended are provided in Note 8.

The Parent Company is a public shareholding company incorporated and domiciled in Kuwait and whose shares are publicly traded. The registered office of the Parent Company is located at Boursa Building, Sharq and its registered postal address is P.O. Box 1027, Safat 15461 - State of Kuwait.

The Parent Company is regulated by the Capital Markets Authority (“CMA”) and its primary objectives are, as follows:

- ▶ Operate as a stock exchange, incorporate or operate or contribute in the incorporation or operation of a stock exchange to reconcile buy and sell orders of securities and to follow specific procedures relating to trading and perform usual functions exercised by stock exchanges. Provide design, development and processing of electronic data services related to the field of operating securities exchanges.
- ▶ Provide design, development and information technology solutions in the field and activities of stock exchanges.
- ▶ Provide supporting services to third parties in the securities and stock markets fields.
- ▶ Offer advisory services relating to the stock exchange activities and the regulations applying to its members. Prepare economic feasibility studies in the stock exchange field.
- ▶ Incorporate and participate in the incorporation of companies inside the State of Kuwait and abroad of different types and legal forms within the scope of the Company’s objectives.
- ▶ Own securities in companies that work in the field of stock market or securities activities.
- ▶ The Company may have interests in, or cooperate or contribute or participate in any way in other financial markets or companies or entities engaged in any type of business, activities or similar activities or those that may support the Company in achieving its purposes inside the State of Kuwait or abroad pursuant to the applicable laws and regulations.
- ▶ The Company may exploit the available financial surpluses by investing in bank deposits or government securities inside the State of Kuwait or abroad. The Company shall make any other types of investments inside the State of Kuwait and abroad.
- ▶ Any other purposes relating to stock exchanges provided for in the CMA Law and in the decisions issued by the CMA.

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



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

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

As at and for the period ended 31 March 2022

### 1 CORPORATE AND GROUP INFORMATION (continued)

The interim condensed consolidated financial information of the Group include:

Name of subsidiaries	Country of incorporation	% equity interest			Principal activities
		<i>(Audited)</i>			
		<i>31 March 2022</i>	<i>31 December 2021</i>	<i>31 March 2021</i>	
<b>Directly held:</b>					
Boursa Kuwait for Business Economical and Information Technology Advisory Services Company W.L.L.	Kuwait	100%	100%	100%	Administrative, economic and information technology consulting Provides clearing, settlement and depository services
Kuwait Clearing Company K.S.C. (Closed) (KCC)	Kuwait	50%	50%	50%	
<b>Held through KCC:</b>					
Kuwait International Trustee Company K.S.C. (Closed)	Kuwait	100%	100%	99.25%	Providing trustee services
Kuwait Clearing House K.S.C. (Closed) [formerly Kuwait International Settlement and Clearing Company K.S.C. (Closed)]	Kuwait	100%	100%	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	100%	100%	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 three months ended 31 March 2022 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars ("KD"), which is also the functional currency of the Group.

The Group has prepared the interim condensed consolidated financial information 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 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 2021.

Certain prior period amounts have been reclassified to conform to the current period presentation. There is no effect of these reclassifications on the previously reported equity and profit for the period then ended. Such reclassification has been made to improve the quality of information presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

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

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

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, but do not have an impact on the interim condensed consolidated financial information of the Group.

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37**

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The Group applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

These amendments had no impact on the interim condensed consolidated financial information as the Group had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts.

**Reference to the Conceptual Framework – Amendments to IFRS 3**

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

**Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no sales of such items produced by property, plant and equipment made available for use on or after the beginning of the earliest period presented.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

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

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

**IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it is not a first-time adopter.

**IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

These amendments had no impact on the interim condensed consolidated financial information of the Group as there were no modifications of the Group's financial instruments during the period.

**IAS 41 Agriculture – Taxation in fair value measurements**

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the interim condensed consolidated financial information of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

**3 BASIC AND DILUTED EARNINGS PER SHARE**

Basic EPS amounts are calculated by dividing the profit for the period attributable to equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. As there are no dilutive instruments outstanding, basic and diluted earnings per share are identical.

	<i>Three months ended</i>	
	<i>31 March</i>	
	<b>2022</b>	2021
Profit for the period attributable to equity holders of the Parent Company (KD)	<b>5,245,503</b>	3,264,861
Weighted average of shares (number of shares)	<b>200,775,750</b>	200,775,750
<b>Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)</b>	<b>26.13</b>	16.26

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the period.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**4 ACCOUNTS RECEIVABLE AND OTHER ASSETS**

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
Trade receivables, gross	<b>2,832,634</b>	2,547,698	2,755,736
Less: Allowance for expected credit losses	<b>(1,089,107)</b>	(957,364)	(921,712)
Trade receivables, net	<b>1,743,527</b>	1,590,334	1,834,024
Amounts due from related parties (Note 10)	<b>1,084,996</b>	925,096	187,500
Refundable deposits, advances and prepayments	<b>803,827</b>	513,009	961,409
Other receivables*	<b>86,958</b>	157,853	433,148
	<b>3,719,308</b>	3,186,292	3,416,081
Non-current	<b>486,096</b>	482,143	1,158,086
Current	<b>3,233,212</b>	2,704,149	2,257,995
	<b>3,719,308</b>	3,186,292	3,416,081

\* Other receivables balances are held with related parties amounting to KD 78 (31 December 2021: KD 20,386 and 31 March 2021: KD 35,367) (Note 10).

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

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
<b>As at 1 January</b>	<b>957,364</b>	917,457	917,457
ECL allowance included in the interim condensed consolidated statement of profit or loss	<b>131,743</b>	227,543	43,770
Unused amounts reversed	-	(187,636)	(39,515)
<b>As at the end of the period/year</b>	<b>1,089,107</b>	957,364	921,712

**5 DEBT INSTRUMENTS AT AMORTISED COST**

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
Debt instrument at amortised cost	<b>2,113,200</b>	2,109,000	2,900,000
Less: Allowance for expected credit losses	<b>(16,084)</b>	(16,084)	-
<b>Debt instrument at amortised cost, net</b>	<b>2,097,116</b>	2,092,916	2,900,000
Non-current	<b>2,097,116</b>	2,092,916	1,900,000
Current	-	-	1,000,000
	<b>2,097,116</b>	2,092,916	2,900,000

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**5 DEBT INSTRUMENTS AT AMORTISED COST (continued)**

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

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
<b>As at 1 January</b>	<b>16,084</b>	-	-
ECL allowance included in the interim condensed consolidated statement of profit or loss	-	16,084	-
<b>As at the end of the period/year</b>	<b>16,084</b>	16,084	-

Debt instruments at amortised cost represents the Group's investment in locally issued bonds that carry an effective interest rate ranging from 4% to 5.75% per annum (31 December 2021: 4% to 5.75% and 31 March 2021: 4.75% to 6.5%) and maturing over a period ranging from 2 to 6.5 to perpetual.

**6 TERM DEPOSITS**

Term deposits are placed with a local bank, denominated in Kuwaiti Dinar and carry an effective interest rate of 1.75% to 2.32% as at 31 March 2022 (31 December 2021: 1.55% to 2.30% and 31 March 2021: 1.96% to 2.125%) per annum and maturing within twelve months from the date of placement. Certain term deposits are held with related parties amounting to KD 5,100,000 (31 December 2021: KD 5,200,000 and 31 March 2021: KD 3,427,988) (Note 10).

**7 CASH AND CASH EQUIVALENTS**

	<i>31 March</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>31 March</i> <i>2021</i> <i>KD</i>
Cash at banks	<b>22,333,455</b>	6,013,631	16,009,399
Cash balances	<b>5,249</b>	1,188	6,941
Short term deposits *	<b>7,556,760</b>	3,700,000	13,380,288
<b>Cash and short-term deposits</b>	<b>29,895,464</b>	9,714,819	29,396,628
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)
<b>Cash and cash equivalents</b>	<b>27,292,462</b>	7,111,817	26,793,626

\* Short-term deposits are made for varying periods maturing within three months from the date of placements, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

\*\*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. These amounts are not available for day-to-day operations.

Certain cash at banks are held with related parties amounting to KD 1,000 as at 31 March 2022 (31 December 2021: KD 2,162 and 31 March 2021: 1,000) (Note 10).

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

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

As at and for the period ended 31 March 2022

### 8 DIVIDENDS DECLARED AND PAID

On 24 March 2022, the shareholders approved in the AGM the distribution of cash dividends of 65 fils per share to the shareholders registered on the date of AGM aggregating to KD 13,050,424 for the year ended 31 December 2021. The dividends have been recognised as a liability at the reporting date is paid on 10 April 2022.

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. The dividends were recorded in the interim condensed consolidated financial information as a liability and were paid subsequently.

### 9 ACCOUNTS PAYABLE AND OTHER LIABILITIES

	<i>31 March</i>	<i>(Audited)</i>	<i>31 March</i>
	<i>2022</i>	<i>31 December</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Unearned revenue	<b>7,194,476</b>	1,441,259	5,862,049
Trade payables	<b>440,871</b>	748,783	849,854
Accrued expenses	<b>2,318,699</b>	3,452,760	2,506,440
Commission payable to Capital Markets Authority	<b>410,642</b>	313,274	468,544
Accrued staff leave gratuity	<b>801,454</b>	764,614	1,090,545
Dividends payable	<b>13,852,218</b>	837,344	544,342
Other payables	<b>606,366</b>	623,897	802,016
	<b><u>25,624,726</u></b>	<u>8,181,931</u>	<u>12,123,790</u>

Included within accounts payable and other liabilities amounts due to related parties amounting to KD 511,085 (31 December 2021: KD 20,449 and 31 March 2021: KD 641,356) (Note 10).

### 10 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 three months period ended 31 March 2022 and 2021, as well as, balances with related parties as at 31 March 2022, 31 December 2021 and 31 March 2021:

	<i>Major</i>	<i>Other related</i>	<i>Three months ended 31 March</i>	
	<i>shareholders</i>	<i>parties</i>	<i>2022</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Interim condensed consolidated statement of profit or loss:</i>				
Subscription fees	<b>62,500</b>	<b>103,689</b>	<b>166,189</b>	192,993
General and administrative expense	-	<b>310</b>	<b>310</b>	312
Miscellaneous fees	<b>2,375</b>	<b>2,933</b>	<b>5,308</b>	3,375
Interest income	-	<b>28,039</b>	<b>28,039</b>	11,229
Rental income	-	<b>2,375</b>	<b>2,375</b>	2,375

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

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

As at and for the period ended 31 March 2022

### 10 RELATED PARTY DISCLOSURES (continued)

	<i>Major shareholders KD</i>	<i>Other related parties KD</i>	<i>31 March 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>31 March 2021</i>
<b><i>Interim condensed consolidated statement of financial position:</i></b>					
Amounts due from related parties (Note 4)	-	<b>1,084,996</b>	<b>1,084,996</b>	925,096	187,500
Accounts receivable and other assets (Note 4)	-	<b>78</b>	<b>78</b>	20,386	35,367
Term deposits (Note 6)	-	<b>5,100,000</b>	<b>5,100,000</b>	5,200,000	3,427,988
Cash and cash equivalents (Note 7)	-	<b>1,000</b>	<b>1,000</b>	2,162	1,000
Accounts payable and other liabilities (Note 9)	<b>192,959</b>	<b>318,126</b>	<b>511,085</b>	20,449	641,356
Dividends payable	<b>6,515,416</b>	<b>122,695</b>	<b>6,638,111</b>	-	-

#### ***Compensation of key management personnel and Board of Directors***

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 three months ended</i>		<i>Balance outstanding as at</i>		
	<i>31 March 2022 KD</i>	<i>31 March 2021 KD</i>	<i>31 March 2022 KD</i>	<i>31 December 2021 KD</i>	<i>31 March 2021 KD</i>
Salaries and other short-term benefits	<b>409,147</b>	<b>111,594</b>	<b>155,997</b>	22,126	141,727
Employees end of service benefits	<b>12,379</b>	<b>9,055</b>	<b>127,548</b>	115,784	85,624
Board of Directors' remuneration	-	-	<b>176,000</b>	176,000	176,000
Board of Directors' committee remuneration	-	-	<b>32,000</b>	32,000	32,000
	<b>421,526</b>	<b>120,649</b>	<b>491,545</b>	345,910	435,351

The Board of Directors of the Parent Company proposed a directors' remuneration of KD 176,000 for the year ended 31 December 2021 (31 December 2020: KD 176,000). This proposal was approved by the shareholders of the Parent Company at the AGM held on 24 March 2022.

### 11 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.S.C.P. and its Subsidiaries

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

As at and for the period ended 31 March 2022

### 11 SEGMENT INFORMATION (continued)

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

	<i>As at and for the period ended 31 March 2022</i>			<i>As at and for the period ended 31 March 2021</i>		
	<i>Securities exchange KD</i>	<i>Clearing KD</i>	<i>Total KD</i>	<i>Securities exchange KD</i>	<i>Clearing KD</i>	<i>Total KD</i>
Operating revenue	5,323,869	3,465,788	8,789,657	3,725,966	3,008,198	6,734,164
Non-operating revenue	197,127	264,539	461,666	237,569	267,604	505,173
Operating expenses	(1,333,939)	(1,088,541)	(2,422,480)	(1,508,617)	(1,385,139)	(2,893,756)
Non-operating expenses	(237,471)	(53,284)	(290,755)	(120,861)	(29,330)	(150,191)
<b>Segment results</b>	<b>3,949,586</b>	<b>2,588,502</b>	<b>6,538,088</b>	2,334,057	1,861,333	4,195,390
<b>Segment assets</b>	<b>68,506,289</b>	<b>52,896,805</b>	<b>121,403,094</b>	62,506,943	47,909,358	110,416,301
<b>Segment liabilities</b>	<b>24,541,457</b>	<b>3,519,448</b>	<b>28,060,905</b>	10,799,903	7,289,786	18,089,689

### 12 FAIR VALUE MEASUREMENT

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability; or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

#### *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 Group 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 methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2022

**12 FAIR VALUE MEASUREMENT (continued)**

**Valuation methods and assumptions**

The following methods and assumptions were used to estimate the fair values:

*Financial assets and liabilities at amortised cost*

Fair value of financial instruments at amortised cost is not materially different from their carrying values, at the reporting date, as most of these instruments are of short-term maturity or re-priced immediately based on market movement in interest rates.

*Unlisted equity investments*

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses a market-based valuation technique for the majority of these positions. The Group determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value. The Group classifies the fair value of these investments as Level 3.

**Reconciliation of Level 3 fair values**

The following table shows a reconciliation of all movements in the fair value of items categorised within Level 3 between the beginning and the end of the reporting period:

	<i>Unquoted equity shares</i>		
	<i>(Audited)</i>		
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>As at 1 January</b>	<b>159,256</b>	278,902	278,902
Remeasurement recognised in OCI	-	(119,646)	-
<b>As at end of the period/year</b>	<b>159,256</b>	159,256	278,902

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.