

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

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

30 SEPTEMBER 2022



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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 30 September 2022, and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the nine-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.

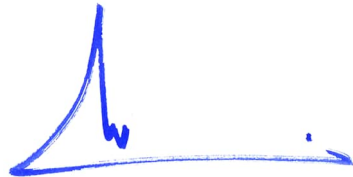
Report on Other Legal and Regulatory Requirements

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 nine-month period ended 30 September 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 nine-month period ended 30 September 2022 that might have had a material effect on the business of the Parent Company or on its financial position.



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

30 October 2022
Kuwait

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

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

For the period ended 30 September 2022

	Notes	Three months ended		Nine months ended	
		30 September		30 September	
		2022	2021	2022	2021
		KD	KD	KD	KD
REVENUE					
Subscription fees		1,956,919	1,705,696	5,822,537	5,111,179
Share in trading commission		1,977,292	2,132,639	7,837,248	6,650,314
Clearing operations		1,240,955	594,874	3,651,627	2,098,301
Shareholders register services		714,389	692,249	2,398,672	2,120,114
Central depository services		1,054,449	803,322	3,053,781	2,278,669
Settlement operations		601,248	587,935	2,059,206	1,938,665
Miscellaneous fees		458,025	777,250	1,612,286	1,973,232
Reversal of provision for expected credit losses	4	-	27,311	-	288,129
		<u>8,003,277</u>	<u>7,321,276</u>	<u>26,435,357</u>	<u>22,458,603</u>
EXPENSES					
Staff costs		(1,370,502)	(1,886,511)	(4,285,553)	(5,862,978)
General and administrative expense		(878,382)	(774,803)	(2,395,601)	(2,247,678)
Depreciation and amortization		(191,774)	(289,484)	(618,268)	(746,903)
Allowance for provision for expected credit losses	4, 5	-	(47,817)	(131,743)	(171,677)
		<u>(2,440,658)</u>	<u>(2,998,615)</u>	<u>(7,431,165)</u>	<u>(9,029,236)</u>
OPERATING PROFIT		<u>5,562,619</u>	<u>4,322,661</u>	<u>19,004,192</u>	<u>13,429,367</u>
Net investment income		26,133	28,338	75,662	122,786
Interest income		423,560	251,103	999,017	694,411
Rental income		120,854	214,094	381,066	636,014
Other income		20,302	69,161	53,391	161,372
Interest expense on lease liabilities		(9,183)	(11,209)	(29,514)	(33,692)
PROFIT BEFORE TAX		<u>6,144,285</u>	<u>4,874,148</u>	<u>20,483,814</u>	<u>15,010,258</u>
Taxation		(183,580)	(84,108)	(663,053)	(415,386)
PROFIT FOR THE PERIOD		<u>5,960,705</u>	<u>4,790,040</u>	<u>19,820,761</u>	<u>14,594,872</u>
Other comprehensive income for the period		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>5,960,705</u>	<u>4,790,040</u>	<u>19,820,761</u>	<u>14,594,872</u>
Attributable to:					
Equity holders of the Parent Company		4,373,920	3,846,148	15,089,624	11,682,360
Non-controlling interests		1,586,785	943,892	4,731,137	2,912,512
		<u>5,960,705</u>	<u>4,790,040</u>	<u>19,820,761</u>	<u>14,594,872</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	3	<u>21.79 Fils</u>	<u>19.16 Fils</u>	<u>75.16 Fils</u>	<u>58.19 Fils</u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2022

		(Audited)	
	Notes	30 September 2022 KD	31 December 2021 KD
ASSETS			
Non-current assets			
Intangible assets		32,100,944	31,917,441
Goodwill		9,492,308	9,492,308
Property and equipment		2,194,697	1,597,822
Right-of-use assets		931,919	1,085,611
Accounts receivable and other assets	4	488,973	482,143
Financial assets at fair value through other comprehensive income	12	159,256	159,256
Debt instruments at amortised cost	5	1,417,816	2,092,916
Restricted cash	7	2,600,000	2,600,000
		<u>49,385,913</u>	<u>49,427,497</u>
Current assets			
Accounts receivable and other assets	4	2,608,236	2,704,149
Debt instruments at amortised cost	5	700,000	-
Term deposits	6	56,570,000	51,125,836
Cash and cash equivalents	7	5,440,118	7,111,817
		<u>65,318,354</u>	<u>60,941,802</u>
TOTAL ASSETS		<u>114,704,267</u>	<u>110,369,299</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		20,077,575	20,077,575
Statutory reserve		5,730,290	5,730,290
Voluntary reserve		5,730,290	5,730,290
Fair value reserve		(188,808)	(188,808)
Retained earnings		31,298,156	29,258,956
Equity attributable to equity holders of the Parent Company		<u>62,647,503</u>	<u>60,608,303</u>
Non-controlling interests		41,374,109	39,246,222
Total equity		<u>104,021,612</u>	<u>99,854,525</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		1,461,354	1,227,170
Lease liabilities		702,004	918,993
		<u>2,163,358</u>	<u>2,146,163</u>
Current liabilities			
Accounts payable and other liabilities	9	8,297,975	8,181,931
Lease liabilities		221,322	186,680
		<u>8,519,297</u>	<u>8,368,611</u>
Total liabilities		<u>10,682,655</u>	<u>10,514,774</u>
TOTAL EQUITY AND LIABILITIES		<u>114,704,267</u>	<u>110,369,299</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 30 September 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>			
As at 1 January 2022 (Audited)	20,077,575	5,730,290	5,730,290	(188,808)	29,258,956	60,608,303	39,246,222	99,854,525
Profit for the period	-	-	-	-	15,089,624	15,089,624	4,731,137	19,820,761
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	15,089,624	15,089,624	4,731,137	19,820,761
Cash dividends (Note 8)	-	-	-	-	(13,050,424)	(13,050,424)	(2,603,250)	(15,653,674)
At 30 September 2022	20,077,575	5,730,290	5,730,290	(188,808)	31,298,156	62,647,503	41,374,109	104,021,612
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	-	-	-	-	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
Cash dividends (Note 8)	-	-	-	-	(8,031,030)	(8,031,030)	(2,603,250)	(10,634,280)
At 30 September 2021	20,077,575	4,066,211	4,066,211	(128,985)	28,374,391	56,455,403	38,239,661	94,695,064

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 30 September 2022

	Notes	Nine months ended 30 September	
		2022 KD	2021 KD
OPERATING ACTIVITIES			
Profit before tax		20,483,814	15,010,258
<i>Adjustment to reconcile profit before tax to net cash flows:</i>			
Depreciation of property and equipment		378,693	488,015
Depreciation of right-of-use assets		166,888	157,477
Amortisation of intangible asset		72,687	101,411
Allowance for expected credit losses, net	4, 5	131,743	(116,452)
Interest income		(999,017)	(694,411)
Net investment income		(75,662)	(122,786)
Foreign exchange differences		(24,900)	-
Interest expense on lease liabilities		29,514	33,692
Gain on derecognition of lease liabilities		(365)	-
Rent concession		-	(65,699)
Provision for employee's end of service benefits		271,479	510,494
		20,434,874	15,301,999
<i>Working capital adjustments:</i>			
Accounts receivable and other assets		108,010	(163,516)
Accounts payable and other liabilities		(273,976)	1,414,041
		20,268,908	16,552,524
Cash flows from operations		20,268,908	16,552,524
Employees' end of service benefits paid		(37,295)	(4,339,550)
Taxation paid		(542,362)	(442,522)
Board of Directors' remuneration paid		(176,000)	(408,000)
		19,513,251	11,362,452
Net cash flows from operating activities			
INVESTING ACTIVITIES			
Purchase of property and equipment		(975,568)	(424,289)
Additions on intangible assets		(256,190)	(22,674)
Proceeds from redemption of debt instruments at amortised cost		-	2,700,000
Placement of term deposits		(58,720,000)	-
Withdrawal of term deposits		53,275,836	13,408,404
Net investment income received		41,750	122,786
Interest income received		882,259	627,711
		(5,751,913)	16,411,938
Net cash flows (used in) from investing activities			
FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(224,692)	(157,156)
Dividends paid to equity holders of the Parent Company		(12,605,095)	(7,745,924)
Dividends paid to non-controlling interests		(2,603,250)	(2,603,250)
		(15,433,037)	(10,506,330)
Net cash flows used in financing activities			
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,671,699)	17,268,060
Cash and cash equivalents as at 1 January		7,111,817	19,606,620
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER		5,440,118	36,874,680
Non-cash transactions excluded from the interim condensed consolidated statement of cash flows are as follows:			
Additions to right-of-use assets		(42,465)	(434,806)
Additions to lease liabilities		42,465	434,806
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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 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 nine months ended 30 September 2022 were authorised for issue in accordance with a resolution of the board of directors on 30 October 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 30 September 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
		30 September 2022	(Audited) 31 December 2021	30 September 2021	
Directly held:					
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
Held through KCC:					
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 nine months ended 30 September 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 30 September 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 30 September 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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the period attributable to equity holders of the Parent Company (KD)	4,373,920	3,846,148	15,089,624	11,682,360
Weighted average of shares (number of shares)	200,775,750	200,775,750	200,775,750	200,775,750
Basic and diluted EPS attributable to equity holders of the Parent Company (Fils)	<u>21.79</u>	<u>19.16</u>	<u>75.16</u>	<u>58.19</u>

* 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 30 September 2022

4 ACCOUNTS RECEIVABLE AND OTHER ASSETS

	<i>30 September 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 September 2021 KD</i>
Trade receivables, gross	2,717,092	2,547,698	2,782,053
Less: Allowance for expected credit losses	(1,089,104)	(957,364)	(782,031)
Trade receivables, net	1,627,988	1,590,334	2,000,022
Amounts due from related parties (Note 10)	565,604	925,096	906,695
Refundable deposits, advances and prepayments	734,465	513,009	953,738
Other receivables*	169,152	157,853	137,674
	3,097,209	3,186,292	3,998,129
Non-current	488,973	482,143	668,345
Current	2,608,236	2,704,149	3,329,784
	3,097,209	3,186,292	3,998,129

* Other receivables balances include balances held with related parties amounting to KD 78 (31 December 2021: KD 20,386 and 30 September 2021: KD 2,103) (Note 10).

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

	<i>30 September 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 September 2021 KD</i>
As at 1 January	957,364	917,457	917,457
ECL allowance included in the interim condensed consolidated statement of profit or loss	131,740	227,543	152,703
Unused amounts reversed	-	(187,636)	(288,129)
As at the end of the period/year	1,089,104	957,364	782,031

5 DEBT INSTRUMENTS AT AMORTISED COST

	<i>30 September 2022 KD</i>	<i>(Audited) 31 December 2021 KD</i>	<i>30 September 2021 KD</i>
Debt instrument at amortised cost	2,133,900	2,109,000	2,200,000
Less: Allowance for expected credit losses	(16,084)	(16,084)	(18,974)
Debt instrument at amortised cost, net	2,117,816	2,092,916	2,181,026
Non-current	1,417,816	2,092,916	1,181,026
Current	700,000	-	1,000,000
	2,117,816	2,092,916	2,181,026

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5 DEBT INSTRUMENTS AT AMORTISED COST (continued)

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

	<i>30 September</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
As at 1 January	16,084	-	-
ECL allowance included in the interim condensed consolidated statement of profit or loss	-	16,084	18,974
As at the end of the period/year	16,084	16,084	18,974

Debt instruments at amortised cost represents the Group's investment in locally issued bonds that carry an effective interest rate ranging from 4% to 6% per annum (31 December 2021: 4% to 5.75% and 30 September 2021: 4.5% to 5.75%) and maturing over a period ranging from 1 to 6.5 years.

6 TERM DEPOSITS

Term deposits are placed with a local bank, denominated in Kuwaiti Dinar and carry an effective interest rate ranging from 2.38% to 4.25% as at 30 September 2022 (31 December 2021: 1.55% to 2.30% and 30 September 2021: 1.96% to 2.30%) per annum and maturing within twelve months from the date of placement. Certain term deposits are held with related parties amounting to Nil (31 December 2021: KD 5,200,000 and 30 September 2021: KD 500,000) (Note 10).

7 CASH AND CASH EQUIVALENTS

	<i>30 September</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
Cash at banks	5,887,476	6,013,631	7,374,302
Cash balances	5,644	1,188	2,000
Short term deposits *	2,150,000	3,700,000	32,101,380
Cash and short-term deposits	8,043,120	9,714,819	39,477,682
Less: restricted cash **	(2,600,000)	(2,600,000)	(2,600,000)
Less: expected credit loss	(3,002)	(3,002)	(3,002)
Cash and cash equivalents	5,440,118	7,111,817	36,874,680

* 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 995 as at 30 September 2022 (31 December 2021: KD 2,162 and 30 September 2021: KD 1,000,997) (Note 10).

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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 were recorded in the interim condensed consolidated financial information as a liability and were paid subsequently. Dividends amounting to KD 1,282,673 are payable as at the reporting date.

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>30 September</i> <i>2022</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2021</i> <i>KD</i>	<i>30 September</i> <i>2021</i> <i>KD</i>
Unearned revenue	3,356,356	1,441,259	3,025,468
Trade payables	477,567	748,783	765,494
Accrued expenses	1,740,874	3,452,760	2,178,209
Commission payable to Capital Markets Authority	249,198	313,274	217,304
Accrued staff leave gratuity	819,730	764,614	788,015
Dividends payable	1,282,673	837,344	900,011
Other payables	371,577	623,897	743,274
	8,297,975	8,181,931	8,617,775

Included within accounts payable and other liabilities amounts due to related parties amounting to KD 176,900 (31 December 2021: KD 20,449 and 30 September 2021: KD 208,371) (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 and nine-months periods ended 30 September 2022 and 2021, as well as balances with related parties as at 30 September 2022, 31 December 2021 and 30 September 2021:

	<i>Major</i> <i>shareholders</i> <i>KD</i>	<i>Other related</i> <i>parties</i> <i>KD</i>	<i>Three months ended</i> <i>30 September</i>	
			<i>2022</i> <i>KD</i>	<i>2021</i> <i>KD</i>
<i>Interim condensed consolidated statement of profit or loss:</i>				
Subscription fees	62,499	103,689	166,188	192,993
General and administrative expense	-	369	369	1,238
Miscellaneous fees	2,375	2,917	5,292	4,083
Interest income	-	14,541	14,541	9,099
Rental income	-	2,375	2,375	2,375

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10 RELATED PARTY DISCLOSURES (continued)

	<i>Major shareholders</i> KD	<i>Other related parties</i> KD	<i>Nine months ended</i> <i>30 September</i>	
			2022 KD	2021 KD
<i>Interim condensed consolidated statement of profit or loss:</i>				
Subscription fees	187,499	311,067	498,566	578,978
General and administrative expense	-	989	989	1,862
Miscellaneous fees	7,125	8,783	15,908	10,833
Interest income	-	77,454	77,454	43,380
Rental income	-	7,125	7,125	7,125

Balances with related parties included in the interim condensed consolidated statement of financial position are as follows:

	<i>Major shareholders</i> KD	<i>Other related parties</i> KD	<i>30 September</i> <i>2022</i> KD	<i>(Audited)</i>	<i>30 September</i> <i>2021</i>
				<i>31 December</i> <i>2021</i> KD	
<i>Interim condensed consolidated statement of financial position:</i>					
Amounts due from related parties (Note 4)	-	565,604	565,604	925,096	906,695
Accounts receivable and other assets (Note 4)	-	78	78	20,386	2,103
Term deposits (Note 6)	-	-	-	5,200,000	500,000
Cash and cash equivalents (Note 7)	-	995	995	2,162	1,000,997
Accounts payable and other liabilities (Note 9)	63,209	113,691	176,900	20,449	208,371

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</i> <i>nine months ended</i>		<i>Balance outstanding as at</i>		
	<i>30 September</i> <i>2022</i> KD	<i>30 September</i> <i>2021</i> KD	<i>30 September</i> <i>2022</i> KD	<i>31 December</i> <i>2021</i> KD	<i>30 September</i> <i>2021</i> KD
Salaries and other short-term benefits	632,018	618,273	144,616	150,879	144,799
Employees end of service benefits	10,861	9,944	145,735	115,784	105,930
Board of Directors' remuneration	-	-	-	176,000	-
Board of Directors' committee remuneration	-	-	-	32,000	-
	642,879	628,217	290,351	474,663	250,729

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.

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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.

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

	<i>As at and for the nine-month period ended 30 September 2022</i>			<i>As at and for the nine-month period ended 30 September 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	14,584,435	11,850,922	26,435,357	13,132,928	9,325,675	22,458,603
Non-operating revenue	600,671	908,465	1,509,136	823,387	791,196	1,614,583
Operating expenses	(4,164,076)	(3,084,736)	(7,248,812)	(4,764,851)	(4,195,041)	(8,959,892)
Non-operating expenses	(688,591)	(186,329)	(874,920)	(444,522)	(73,900)	(518,422)
Segment results	10,332,439	9,488,322	19,820,761	8,746,942	5,847,930	14,594,872
Segment assets	60,582,660	54,121,607	114,704,267	57,557,784	48,243,870	105,801,654
Segment liabilities	7,609,008	3,073,647	10,682,655	7,445,674	3,660,916	11,106,590

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.

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12 FAIR VALUE MEASUREMENT (continued)

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.

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>30 September</i>	<i>31 December</i>	<i>30 September</i>
	<i>2022</i>	<i>2021</i>	<i>2021</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
As at 1 January	159,256	278,902	278,902
Remeasurement recognised in OCI	-	(119,646)	-
As at end of the period/year	159,256	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.

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12 FAIR VALUE MEASUREMENT (continued)

Reconciliation of Level 3 fair values (continued)

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.