

**COAST INVESTMENT & DEVELOPMENT
COMPANY K.S.C.P. 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 COAST INVESTMENT & DEVELOPMENT 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 Coast Investment & Development Company K.S.C.P. (the “Parent Company”) and its Subsidiaries (collectively, the “Group”) as at 30 September 2021, and the related interim condensed consolidated statements of profit or loss and 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 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
COAST INVESTMENT & DEVELOPMENT 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. 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations, or 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.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

3 November 2021
Kuwait

Coast Investment & Development Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(UNAUDITED)

For the period ended 30 September 2021

	Notes	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		2021	2020	2021	2020
		KD	KD	KD	KD
INCOME					
Net investment income (loss)	3	1,233,612	913,397	3,098,352	(667,572)
Management fees		175,350	123,446	440,656	373,839
Other income		4,163	873	10,128	1,748
Gain on sale of investment property		-	-	98,174	-
Share of results of associates	5	872,992	(339,415)	419,642	(3,207,730)
Net foreign exchange differences		(40,610)	63,893	(116,254)	125,412
		2,245,507	762,194	3,950,698	(3,374,303)
EXPENSES					
Staff costs		(239,334)	(230,023)	(717,182)	(651,595)
General and administrative expenses		(63,653)	(53,393)	(195,394)	(151,071)
Depreciation expense		(4,136)	(6,477)	(12,619)	(14,888)
Allowance for expected credit losses		-	-	-	(102,209)
		(307,123)	(289,893)	(925,195)	(919,763)
PROFIT (LOSS) BEFORE TAX		1,938,384	472,301	3,025,503	(4,294,066)
National Labour Support tax (NLST)		(48,961)	-	(74,045)	-
Zakat		(19,580)	-	(29,618)	-
KFAS		(27,230)	-	(27,230)	-
PROFIT (LOSS) FOR THE PERIOD		1,842,613	472,301	2,894,610	(4,294,066)
BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
	4	3.96 Fils	1.02 Fils	6.22 Fils	(9.23) Fils

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

Coast Investment & Development Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 September 2021

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2021	2020	2021	2020
		KD	KD	KD	KD
PROFIT (LOSS) FOR THE PERIOD		1,842,613	472,301	2,894,610	(4,294,066)
Other comprehensive (loss) income					
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive (loss) income of associates	5	(125,407)	459,787	(418,745)	707,636
Exchange differences on translation of foreign operations		(373,024)	611,854	(995,002)	981,570
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods		(498,431)	1,071,641	(1,413,747)	1,689,206
<i>Other comprehensive income (loss) that will not be reclassified profit or loss in subsequent periods:</i>					
Net gain (loss) on equity instruments designated at FVOCI		12,083	19,057	89,433	(142,877)
Share of other comprehensive (loss) income of associates	5	(7,165)	(382,476)	338,280	(382,476)
Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods		4,918	(363,419)	427,713	(525,353)
Other comprehensive (loss) income		(493,513)	708,222	(986,034)	1,163,853
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		1,349,100	1,180,523	1,908,576	(3,130,213)
Attributable to:					
Equity holders of the Parent Company		1,348,812	1,180,698	1,932,569	(3,130,095)
Non-controlling interests		288	(175)	(23,993)	(118)
		1,349,100	1,180,523	1,908,576	(3,130,213)

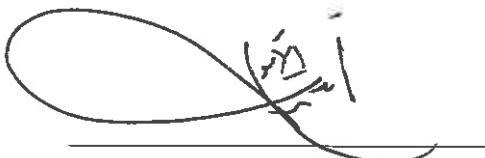
The attached notes 1 to 14 form part of this interim condensed consolidated financial information.


Coast Investment & Development Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)

As at 30 September 2021

		(Audited)	
	30 September 2021	31 December 2020	30 September 2020
	Notes	KD	KD
ASSETS			
Non-current assets			
Property and equipment		1,066,587	1,077,278
Investment property		37,706	151,625
Investment in associates	5	28,921,257	29,565,180
Financial assets at FVPL	12	12,767,119	10,075,374
Financial assets at FVOCI	12	516,885	427,452
Other assets		1,782,522	1,898,798
		<u>45,092,076</u>	<u>43,175,200</u>
Current assets			
Financial assets at FVPL	12	986,793	512,710
Other assets		242,165	429,401
Cash and cash equivalents		4,075,909	4,282,463
		<u>5,304,867</u>	<u>5,224,574</u>
TOTAL ASSETS		<u><u>50,396,943</u></u>	<u><u>48,399,774</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	6	46,502,690	62,529,315
Statutory reserve		-	11,647,495
Voluntary reserve		-	1,991,146
Treasury shares	7	-	(4,775,819)
Treasury shares reserve		-	25,702
Effect of changes in other comprehensive income of associates		(674,699)	(1,012,979)
Foreign currency translation reserve		2,621,773	4,011,527
Fair value reserve		(2,468,370)	(2,582,378)
Retained earnings (accumulated losses)		2,894,610	(19,017,981)
Equity attributable to equity holders of the Parent Company		<u>48,876,004</u>	<u>46,943,435</u>
Non-controlling interests		8,087	32,080
Total equity		<u><u>48,884,091</u></u>	<u><u>46,975,515</u></u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits		246,784	306,691
Current liabilities			
Other liabilities		1,266,068	1,117,568
Total liabilities		<u>1,512,852</u>	<u>1,424,259</u>
TOTAL EQUITY AND LIABILITIES		<u><u>50,396,943</u></u>	<u><u>48,399,774</u></u>


Osama A. KH. Al Ayoub
Chairman


Thamer Nabeel Al Nesef
Chief Executive Officer

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

Coast Investment & Development Company K.S.C.P. 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>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Treasury shares KD</i>	<i>Treasury shares reserve KD</i>	<i>Effect of changes in other comprehensive income of associates KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>(Accumulated losses) retained earnings KD</i>	<i>Sub-total KD</i>	<i>Non-controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2021 (audited)	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	(1,012,979)	4,011,527	(2,557,803)	(24,915,149)	46,943,435	32,080	46,975,515
Profit for the period	-	-	-	-	-	-	-	-	2,894,610	2,894,610	-	2,894,610
Other comprehensive income (loss) for the period	-	-	-	-	-	338,280	(1,389,754)	89,433	-	(962,041)	(23,993)	(986,034)
Total comprehensive income (loss) for the period	-	-	-	-	-	338,280	(1,389,754)	89,433	2,894,610	1,932,569	(23,993)	1,908,576
Extinguishment of accumulated losses (Note 14)	(16,026,625)	(11,647,495)	(1,991,146)	4,775,819	(25,702)	-	-	-	24,915,149	-	-	-
At 30 September 2021	46,502,690	-	-	-	-	(674,699)	2,621,773	(2,468,370)	2,894,610	48,876,004	8,087	48,884,091
As at 1 January 2020 (audited)	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	(597,953)	1,434,313	(2,439,501)	(14,723,915)	55,090,783	32,343	55,123,126
Loss for the period	-	-	-	-	-	-	-	-	(4,294,066)	(4,294,066)	-	(4,294,066)
Other comprehensive income (loss) for the period	-	-	-	-	-	(382,476)	1,689,324	(142,877)	-	1,163,971	(118)	1,163,853
Total comprehensive income (loss) for the period	-	-	-	-	-	(382,476)	1,689,324	(142,877)	(4,294,066)	(3,130,095)	(118)	(3,130,213)
At 30 September 2020	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	(980,429)	3,123,637	(2,582,378)	(19,017,981)	51,960,688	32,225	51,992,913

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

Coast Investment & Development Company K.S.C.P. and its Subsidiaries
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 September 2021

	Notes	<i>Nine months ended</i>	
		<i>30 September</i>	
		2021	2020
		KD	KD
OPERATING ACTIVITIES			
Profit (loss) before tax		3,025,503	(4,294,066)
<i>Adjustments to reconcile profit (loss) before tax to net cash flows:</i>			
Share of results of associates	5	(419,642)	3,207,730
Unrealised (gain) loss on financial assets at FVPL	3	(2,859,405)	992,291
Realised gain on financial assets at FVPL	3	(173,824)	(253,030)
Gain on sale of investment property		(98,174)	-
Dividend income	3	(12,151)	(7,750)
Interest income	3	(52,972)	(63,939)
Net foreign exchange differences		116,254	(125,412)
Allowance for expected credit losses		-	102,209
Depreciation expense		12,619	14,888
Provision for employees' end of service benefits		56,174	47,940
		(405,618)	(379,139)
<i>Changes in operating assets and liabilities:</i>			
Financial assets at FVPL		(132,599)	57,699
Other assets		180,714	301,590
Other liabilities		17,607	60,445
Cash flows (used in) from operations		(339,896)	40,595
Employees' end of service benefits paid		(116,081)	(43,007)
Taxes paid		-	(93,701)
Dividend income received		12,151	7,750
Net cash flows used in operating activities		(443,826)	(88,363)
INVESTING ACTIVITIES			
Purchase of property and equipment		(1,928)	(1,995)
Proceeds from sale of investment property		209,560	-
Interest income received		39,009	28,649
Net cash flows from investing activities		246,641	26,654
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Net foreign exchange differences		(9,369)	(3,651)
Cash and cash equivalents as at 1 January		4,282,463	4,526,617
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER		4,075,909	4,461,257

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

Coast Investment & Development 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 2021

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Coast Investment & Development Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2021 was authorised for issue in accordance with a resolution of the Board of Directors on 3 November 2021.

The Parent Company is a public shareholding company incorporated in Kuwait on 29 July 1975 and whose shares are publicly traded on Boursa Kuwait. The Parent Company is registered with the Central Bank of Kuwait (“CBK”) as an investment company and is subject to the supervision of the Capital Markets Authority of Kuwait (“CMA”). The Parent Company is engaged in various types of investment management activities such as private equity, asset management and real estate investments in local and international markets.

The Parent Company’s registered office is located at Al Shuhada Street, Sharq and its registered postal address is P.O. Box 26755, Safat 13128, State of Kuwait. The interim condensed consolidated financial information comprise the financial informations of the Parent Company and its wholly owned subsidiaries as follows:

Name of the company	Country of incorporation	Effective equity interest			Principal activities
		30 September 2021	31 December 2020	30 September 2020	
<i>Directly held</i>					
Coast Investments Limited (“CIL”)	BVI	100%	100%	100%	Investment services
Coast Holding Corporation (“CHC”)	USA	100%	100%	100%	Investment services
<i>Indirectly held through CHC</i>					
Winters Estate LLC (“Winters”)	USA	80%	80%	80%	Real estate services

The shareholders of the Parent Company at the annual general assembly meeting (AGM) held on 28 April 2021 approved the consolidated financial statements of the Group for the year ended 31 December 2020 and resolved not to distribute any dividends.

2 BASIS OF PREPARATION AND CHANGES TO THE 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 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 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 adopted, and methods of computation used 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 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 other amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

Coast Investment & Development 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 2021

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

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

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

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 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 NET INVESTMENT INCOME (LOSS)

	<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>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Realised gain on sale of financial assets at FVPL	61,274	218,578	173,824	253,030
Unrealised gain (loss) on sale of financial assets at FVPL	1,152,167	683,949	2,859,405	(992,291)
Dividends income	240	-	12,151	7,750
Interest income	19,931	10,870	52,972	63,939
	1,233,612	913,397	3,098,352	(667,572)

4 EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit (loss) for the period attributable to ordinary 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 (loss) for the period 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 EPS are identical.

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2021</i>	<i>(restated*)</i>	<i>2021</i>	<i>(restated*)</i>
Profit (loss) for the period attributable to equity holders of the Parent Company (KD)	1,842,613	472,301	2,894,610	(4,294,066)
Weighted average number of shares outstanding during the period (shares)	465,026,902	465,026,902	465,026,902	465,026,902
Basic and diluted EPS (Fils)	3.96 fils	1.02 fils	6.22 fils	(9.23) fils

*In accordance with International Accounting Standard IAS 33: "Earnings Per Share", the prior periods comparative information has been restated as a result of the reduction in share capital (Note 6 & 14). EPS for the nine-month ended 30 September 2020 and the for three-month ended 30 September 2020 was (7.35) and 0.81 fils, respectively, before the retrospective adjustment to the weighted average number of shares following the reduction in share capital.

Coast Investment & Development 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 2021

5 INVESTMENT IN ASSOCIATES

Set out below are the associates of the Group as at the reporting date:

Name	Domicile	% equity interest			Principal activities	Carrying amount		
		(Audited)				(Audited)		
		30 September 2021	31 December 2020	30 September 2020		30 September 2021	31 December 2020	30 September 2020
				KD	KD	KD		
Rico GmbH Kuwaiti German Holding Company K.S.C. (Closed) ("KGH") ¹	Germany	23.73	23.73	23.73	Manufacturing	2,700,053	2,847,424	2,692,400
Weinig International A.G. ("Weinig")	Kuwait	23.49	23.49	23.49	Investment	13,285,787	13,562,128	15,512,648
	Germany	12.37	12.37	12.37	Manufacturing	12,935,417	13,155,628	16,288,737
						28,921,257	29,565,180	34,493,785

¹ KGH has a direct ownership of 52% in Weinig.

Reconciliation to carrying amounts:

	30 September 2021	(Audited) 31 December 2020	30 September 2020
	KD	KD	KD
Opening balance	29,565,180	36,392,709	36,392,709
Share of results	419,642	(2,697,627)	(3,207,730)
Share of other comprehensive (loss) income that may be reclassified profit or loss in subsequent periods	(418,745)	1,235,523	707,636
Share of other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods	338,280	(415,026)	(382,476)
Impairment losses	-	(6,291,915)	-
Foreign exchange adjustments	(983,100)	1,341,516	983,646
Group's carrying amount of the investment in associates	28,921,257	29,565,180	34,493,785

6 SHARE CAPITAL

The authorised, issued and paid-up capital of the Parent Company is KD 46,502,690 (31 December 2020 and 30 September 2020: KD 62,529,315) that consist of 465,026,902 shares (31 December 2020 and 30 September 2020: 625,293,152 shares) of 100 fils per share, which are fully paid in cash.

The Board of Directors of the Parent Company in their meeting held on 5 May 2021 proposed to extinguish accumulated losses as at 31 December 2020 through utilising statutory reserve, voluntary reserve, cancelling the treasury shares, transferring the treasury shares reserve and a partial reduction in share capital from KD 62,529,315 to KD 46,502,690. This proposal has been subsequently approved by the shareholders at the extraordinary general assembly meeting ("EGM") held on 8 July 2021. The capital reduction was authenticated in the commercial register on 3 August 2021 under registration number 22804 (Note 14).

Coast Investment & Development 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 2021

7 TREASURY SHARES

	<i>30 September 2021</i>	<i>(Audited) 31 December 2020</i>	<i>30 September 2020</i>
Number of treasury shares	-	40,820,086	40,820,086
Percentage of total outstanding shares (%)	-	6.53%	6.53%
Market value (KD)	-	1,979,774	1,338,899
Cost (KD)	-	4,775,819	4,775,819
Weighted average market value per share (Fils)	67	36	33

The Board of Directors of the Parent Company in their meeting held on 5 May 2021 proposed to extinguish accumulated losses as at 31 December 2020 through utilising statutory reserve, voluntary reserve, partial decrease in share capital and cancelling the total number of treasury shares (40,820,086) shares at nominal value 100 fils each aggregating to KD 4,082,009) and transferring the difference between the purchase cost and nominal value amounting to KD 693,810 in addition to the treasury shares reserve balance of KD 25,702 to accumulated losses. This proposal has been subsequently approved by the shareholders at the extraordinary general assembly meeting (“EGM”) held on 8 July 2021. The capital reduction was authenticated in the commercial register on 3 August 2021 under registration number 22804 (Note 14).

8 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, subsidiaries, associates, 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 into with related parties during the three-month ended and nine-month periods 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>Associates KD</i>	<i>Others KD</i>	<i>(Audited) 30 September 2021 KD</i>	<i>31 December 2020 KD</i>	<i>30 September 2020 KD</i>
<i>Statement of interim condensed consolidated financial position:</i>					
Promissory notes (<i>included within other assets</i>)*	1,690,798	-	1,690,798	1,791,589	1,714,109
Accrued management fees (<i>included within other assets</i>)	-	113,861	113,861	105,424	112,266
Investment in a managed fund	-	8,673,452	8,673,452	6,891,558	6,717,248

* Promissory notes represent a financing arrangement to an associate for the purpose of financing its operations and earn interest at 0.96% (31 December 2020: 1.10% and 30 September 2020: 1.08%) above 3-months EURIBOR, per annum.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2021 KD</i>	<i>2020 KD</i>	<i>2021 KD</i>	<i>2020 KD</i>
<i>Included in the interim condensed consolidated statement of profit or loss:</i>				
Management fees	155,048	112,266	390,850	340,347
Interest income (included in net investment income)	5,571	4,769	13,951	14,067
Net investment income (loss) from managed fund	483,229	238,947	1,781,894	(1,004,500)

Coast Investment & Development 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 2021

8 RELATED PARTY DISCLOSURES (continued)

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</i>				<i>Balances outstanding as at</i>	
	<i>Three months ended</i>		<i>Nine months ended</i>		<i>30 September</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Key management personnel compensation</i>						
Salaries and other short-term benefits	85,553	84,256	254,281	218,574	93,206	81,398
End of service benefits	6,133	6,050	18,233	15,650	101,312	73,592
	91,686	90,306	272,514	234,224	194,518	154,990

The Board of Directors at the meeting held on 28 March 2021 did not propose any directors' remuneration for the year ended 31 December 2020. This proposal was approved by the shareholders at the AGM held on 28 April 2021.

9 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.

The Group is primarily engaged in investment activities, the following tables present information regarding the Group's geographical segments:

	For the nine months ended 30 September 2021 (unaudited)			
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
Segment income	2,134,557	1,767,699	48,442	3,950,698
Segment result	1,081,426	1,767,699	45,485	2,894,610
Other disclosures:				
Share of results of associates	(22,694)	442,336	-	419,642
Depreciation expense	(12,619)	-	-	(12,619)
	For the nine months ended 30 September 2020 (unaudited)			
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
Segment net loss	(2,128,839)	(1,279,079)	33,615	(3,374,303)
Segment result	(3,046,829)	(1,279,079)	31,842	(4,294,066)
Other disclosures:				
Share of results of associates	(1,793,782)	(1,413,948)	-	(3,207,730)
Depreciation expense	(14,888)	-	-	(14,888)

Coast Investment & Development 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 2021

9 SEGMENT INFORMATION (continued)

	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
<i>As at 30 September 2021 (Unaudited)</i>				
Total assets	28,930,148	21,347,797	118,998	50,396,943
Total liabilities	1,505,728	-	7,124	1,512,852
<i>Other disclosures:</i>				
Investment in associates	13,285,787	15,635,470	-	28,921,257
<i>As at 31 December 2020 (Audited)</i>				
Total assets	27,257,423	20,847,311	295,040	48,399,774
Total liabilities	1,420,766	-	3,493	1,424,259
<i>Other disclosures:</i>				
Investment in associates	13,562,128	16,003,052	-	29,565,180
<i>As at 30 September 2020 (Unaudited)</i>				
Total assets	28,971,956	24,005,944	428,262	53,406,162
Total liabilities	1,408,300	1,422	3,527	1,413,249
<i>Other disclosures:</i>				
Investment in associates	15,512,648	18,981,137	-	34,493,785

10 CAPITAL COMMITMENTS

As at the reporting date, the Group had capital commitments of KD 107,736 (31 December 2020: KD 143,028 and 30 September 2020: KD 137,192) in respect of uncalled capital in certain private equity funds classified as financial assets at FVTPL.

11 FIDUCIARY ASSETS

The Group manages clients; number of investments in a fiduciary capacity. The client assets have no recourse to the general assets of the Group and the Group has no recourse to the assets under management. Accordingly, assets under management are not included in the interim condensed consolidated financial information, as they are not assets of the Group. As at 30 September 2021, portfolio and funds under management amounted to KD 103,313,249 (31 December 2020: KD 93,677,974 and 30 September 2020: KD 56,383,107).

Income earned from fiduciary assets amounted to KD 440,656 for the nine months ended 30 September 2021 (30 September 2020: KD 373,839).

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Coast Investment & Development 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 2021

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	Fair value measurement using			
	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>30 September 2020</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets at FVPL*:				
Open-ended fund	6,717,248	-	6,717,248	-
Private equity funds	3,557,095	-	-	3,557,095
Quoted equity securities	262,081	262,081	-	-
Unquoted equity securities	7,545	-	-	7,545
	<u>10,543,969</u>	<u>262,081</u>	<u>6,717,248</u>	<u>3,564,640</u>
Financial assets at FVOCI:				
Unquoted equity securities	402,877	-	-	402,877
Investment securities (at fair value)	<u>10,946,846</u>	<u>262,081</u>	<u>6,717,248</u>	<u>3,967,517</u>

* Financial assets at FVPL are presented in the interim condensed consolidated statement of financial position as follows:

	<i>30 September 2021 KD</i>	<i>(Audited) 31 December 2020 KD</i>	<i>30 September 2020 KD</i>
Non-current	12,767,119	10,075,374	10,281,888
Current	986,793	512,710	262,081
	<u>13,753,912</u>	<u>10,588,084</u>	<u>10,543,969</u>

Coast Investment & Development 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 2021

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy:

	<i>30 September 2021</i>		
	<i>Financial assets at FVPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2021	3,183,816	427,452	3,611,268
Remeasurement recognised in OCI	-	89,433	89,433
Remeasurement recognised in profit or loss	1,034,067	-	1,034,067
Sales	(124,216)	-	(124,216)
As at 30 September 2021	4,093,667	516,885	4,610,552
	<i>31 December 2020 (Audited)</i>		
	<i>Financial assets at FVPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2020	3,619,182	545,754	4,164,936
Remeasurement recognised in profit or loss	(184,445)	-	(184,445)
Remeasurement recognised in OCI	-	(118,302)	(118,302)
Purchases	69,970	-	69,970
Sales	(320,891)	-	(320,891)
As at 31 December 2020	3,183,816	427,452	3,611,268
	<i>30 September 2020</i>		
	<i>Financial assets at FVPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2020	3,619,182	545,754	4,164,936
Remeasurement recognised in profit or loss	72,888	-	72,888
Remeasurement recognised in OCI	-	(142,877)	(142,877)
Sales	(127,430)	-	(127,430)
As at 30 September 2020	3,564,640	402,877	3,967,517

The valuation techniques and inputs used in this 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 2020.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2021

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

For other financial assets and financial liabilities carried at amortised cost, the carrying value is not significantly different from their fair value as most of these assets and liabilities are of short-term maturity or are re-priced immediately based on market movement in interest rates.

13 IMPACT OF COVID-19 OUTBREAK

The COVID-19 pandemic continues to spread across global geographies causing disruption to business and economic activities and bringing significant uncertainties to the global economic environment. Government authorities worldwide launched extensive responses designed to mitigate the severe consequences of the pandemic.

The effects of COVID-19 pandemic have been significant on the Group's annual consolidated financial statements for the year ended 31 December 2020. As compared to the year ended 31 December 2020, the Group has not experienced any further significant adverse effect on its operations during the nine months ended September 2021. Markets, however, remain volatile and asset carrying values remain sensitive to market fluctuations. The impact of the highly uncertain economic environment remains judgmental and the Group will accordingly continue to reassess its position and the related impact on a regular basis.

14 BOARD OF DIRECTORS' RECOMMENDATIONS AND GENERAL ASSEMBLY RESOLUTIONS

During the period, the Board of Directors of the Parent Company in their meeting held on 5 May 2021 proposed the below resolutions which was subsequently approved by the the shareholders of the Parent Company in the extra-ordinary general assembly meeting ("EGM") held on 8 July 2021 as follows:

- Reduction of authorised, issued and paid-up share capital of the Parent Company from KD 62,529,315 to KD 46,502,690 including cancellation of treasury shares as at 31 December 2020 to extinguish the full balance of accumulated losses as of that date amounting to KD 24,915,149 in the following manner:
 - ▶ Utilising the full amount of voluntary reserve amounting to KD 1,991,146 to partially extinguish accumulated losses as of that date.
 - ▶ Utilising the full amount of statutory reserve amounting to KD 11,647,495 to partially extinguish accumulated losses as of that date.
 - ▶ Cancelling the total number of treasury shares (40,820,086) shares at nominal value 100 fils each aggregating to KD 4,082,008) and transferring the difference between the purchase cost and nominal value amounting to KD 693,810 in addition to the treasury shares reserve balance of KD 25,702 to accumulated losses.
 - ▶ Decrease the Parent Company's issued and paid-up capital by KD 11,944,616 by cancelling 119,446,164 shares of 100 fils each to extinguish the accumulated losses of the Parent Company by the same amount.

As a result of the capital reduction, the authorised, issued and paid-up share capital of the Parent Company is KD 46,502,690 consisting 465,026,902 shares of 100 fils per share. The capital reduction was authenticated in the commercial register on 3 August 2021 under registration number 22804 (Note 6).

- Amendment of Article (5) of the Parent Company's Memorandum of Incorporation with respect to the primary objectives and Articles (4), (5), (14), (32), (36), (44) and (46) of the Parent Company's Article of Association with respect to corporate governance.

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