

**COAST INVESTMENT & DEVELOPMENT
COMPANY K.S.C.P. AND ITS SUBSIDIARIES**

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

30 June 2023



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 June 2023, and the related interim condensed consolidated statement of profit or loss and interim condensed consolidated statement of comprehensive income for the three-month and six-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 six-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 six-month period ended 30 June 2023 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. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2023 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

26 July 2023
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 June 2023

	<i>Notes</i>	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		2023	2022	2023	2022
		KD	KD	KD	KD
INCOME					
Net investment income (loss)	3	245,213	(849,540)	(44,276)	557,046
Management fees	11	76,151	122,776	170,231	312,236
Other income		2,577	-	3,853	2,887
Share of results of associates	5	(451,154)	541,153	(515,339)	442,785
Net foreign exchange differences		12,751	(87,897)	47,016	(106,267)
		(114,462)	(273,508)	(338,515)	1,208,687
EXPENSES					
Staff costs		(209,540)	(230,658)	(435,052)	(489,368)
General and administrative expenses		(66,951)	(91,430)	(136,409)	(158,182)
Depreciation expense		(3,102)	(4,459)	(6,167)	(6,957)
		(279,593)	(326,547)	(577,628)	(654,507)
(LOSS) PROFIT FOR THE PERIOD BEFORE TAX		(394,055)	(600,055)	(916,143)	554,180
National Labour Support tax (NLST)		-	15,355	-	(13,006)
Zakat		-	7,837	-	(3,727)
KFAS		-	6,001	-	(1,365)
(LOSS) PROFIT FOR THE PERIOD		(394,055)	(570,862)	(916,143)	536,082
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE	4	(0.85) Fils	(1.23) Fils	(1.97) Fils	1.15 Fils

The attached notes 1 to 12 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 June 2023

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2023	2022	2023	2022
		KD	KD	KD	KD
(LOSS) PROFIT FOR THE PERIOD		(394,055)	(570,862)	(916,143)	536,082
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	(168,098)	(701,284)	10,891	(945,892)
Exchange differences on translation of foreign operations	5	117,729	(853,727)	415,896	(1,024,656)
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods		(50,369)	(1,555,011)	426,787	(1,970,548)
<i>Other comprehensive (loss) income that will not be reclassified profit or loss in subsequent periods:</i>					
Net loss on equity instruments designated at FVOCI	12	(14,233)	(29,847)	(7,114)	(18,148)
Share of other comprehensive income of associates	5	-	965,962	-	1,471,796
Other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods		(14,233)	936,115	(7,114)	1,453,648
Other comprehensive (loss) income for the period		(64,602)	(618,896)	419,673	(516,900)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD		(458,657)	(1,189,758)	(496,470)	19,182
Attributable to:					
Equity holders of the Parent Company		(458,657)	(1,189,933)	(496,470)	18,919
Non-controlling interests		-	175	-	263
		(458,657)	(1,189,758)	(496,470)	19,182

The attached notes 1 to 12 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 June 2023

		30 June 2023 KD	(Audited) 31 December 2022 KD	30 June 2022 KD
ASSETS				
Non-current assets				
Property and equipment		1,072,823	1,056,626	1,058,486
Investment in associates	5	30,798,884	30,887,436	29,226,885
Financial assets at fair value through profit or loss	12	11,645,802	11,949,913	12,429,714
Financial assets at fair value through other comprehensive income	12	68,933	98,547	486,854
Other assets		1,721,933	1,690,309	1,651,652
		<u>45,308,375</u>	<u>45,682,831</u>	<u>44,853,591</u>
Current assets				
Financial assets at fair value through profit or loss	12	187,550	-	640,025
Other assets		400,033	1,551,479	688,765
Cash and cash equivalents		1,982,585	3,664,366	4,728,116
		<u>2,570,168</u>	<u>5,215,845</u>	<u>6,056,906</u>
TOTAL ASSETS		<u>47,878,543</u>	<u>50,898,676</u>	<u>50,910,497</u>
EQUITY AND LIABILITIES				
Equity				
Share capital	6	46,502,690	46,502,690	46,502,690
Statutory reserve		533,379	679,114	417,657
Voluntary reserve		-	679,114	417,657
Other reserve		682,563	682,563	750,598
Foreign currency translation reserve		455,179	28,392	167,580
Fair value reserve		(844,450)	(814,836)	(2,498,401)
(Accumulated losses) retained earnings		(893,643)	1,500,221	1,295,128
Equity attributable to equity holders of the Parent Company		<u>46,435,718</u>	<u>49,257,258</u>	<u>47,052,909</u>
Non-controlling interests		-	-	19,169
Total equity		<u>46,435,718</u>	<u>49,257,258</u>	<u>47,072,078</u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		219,704	273,616	246,224
Current liabilities				
Other liabilities		1,223,121	1,367,802	3,592,195
Total liabilities		<u>1,442,825</u>	<u>1,641,418</u>	<u>3,838,419</u>
TOTAL EQUITY AND LIABILITIES		<u>47,878,543</u>	<u>50,898,676</u>	<u>50,910,497</u>

Asaad Ahmad Al-Banwan
Vice Chairman & CEO

The attached notes 1 to 12 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 June 2023

	<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>Other reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>Retained earnings (accumulated losses) KD</i>	<i>Sub-total KD</i>	<i>Non- controlling interests KD</i>	<i>Total equity KD</i>
As at 1 January 2023 (Audited)	46,502,690	679,114	679,114	682,563	28,392	(814,836)	1,500,221	49,257,258	-	49,257,258
Loss for the period	-	-	-	-	-	-	(916,143)	(916,143)	-	(916,143)
Other comprehensive income (loss) for the period	-	-	-	-	426,787	(7,114)	-	419,673	-	419,673
Total comprehensive income (loss) for the period	-	-	-	-	426,787	(7,114)	(916,143)	(496,470)	-	(496,470)
Transfer of reserve on redemption of equity investments designated at FVOCI to retained earnings	-	-	-	-	-	(22,500)	22,500	-	-	-
Dividends (Note 7)	-	(145,735)	(679,114)	-	-	-	(1,500,221)	(2,325,070)	-	(2,325,070)
As at 30 June 2023	46,502,690	533,379	-	682,563	455,179	(844,450)	(893,643)	46,435,718	-	46,435,718
As at 1 January 2022 (Audited)	46,502,690	417,657	417,657	(721,198)	2,138,391	(2,480,253)	3,084,181	49,359,125	18,906	49,378,031
Profit for the period	-	-	-	-	-	-	536,082	536,082	-	536,082
Other comprehensive income (loss) for the period	-	-	-	1,471,796	(1,970,811)	(18,148)	-	(517,163)	263	(516,900)
Total comprehensive income (loss) for the period	-	-	-	1,471,796	(1,970,811)	(18,148)	536,082	18,919	263	19,182
Dividends (Note 7)	-	-	-	-	-	-	(2,325,135)	(2,325,135)	-	(2,325,135)
As at 30 June 2022	46,502,690	417,657	417,657	750,598	167,580	(2,498,401)	1,295,128	47,052,909	19,169	47,072,078

The attached notes 1 to 12 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 June 2023

	Notes	Six months ended 30 June	
		2023 KD	2022 KD
OPERATING ACTIVITIES			
(Loss) profit before tax		(916,143)	554,180
<i>Adjustments to reconcile (loss) profit before tax to net cash flows:</i>			
Share of results of associates	5	515,339	(442,785)
Realised gain on sale of financial assets at FVPL	3	(2,053)	(98,673)
Unrealised loss on financial assets at FVPL, net	3	214,951	517,385
Interest income	3	(117,869)	(34,593)
Dividends income	3	(50,753)	(941,165)
Net foreign exchange differences		(47,016)	106,267
Depreciation expense		6,167	6,957
Provision for employees' end of service benefits		37,142	56,254
		(360,235)	(276,173)
<i>Changes in working capital:</i>			
Financial assets at FVPL		(98,390)	224,164
Other assets		1,178,441	(15,345)
Other liabilities		(211,916)	(187,841)
Cash flows from (used in) operations		507,900	(255,195)
Employees' end of service benefits paid		(91,054)	(78,432)
Dividends income received		50,753	941,165
Net cash flows from operating activities		467,599	607,538
INVESTING ACTIVITIES			
Purchase of property and equipment		(22,364)	(2,088)
Proceeds from capital redemption of financial assets at FVOCI	12	22,500	-
Withdrawal of term deposits		-	1,255,573
Interest income received		108,319	27,001
Net cash flows from investing activities		108,455	1,280,486
FINANCING ACTIVITIES			
Dividends paid		(2,257,835)	-
Net cash flows used in financing activities		(2,257,835)	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,681,781)	1,888,024
Net foreign exchange differences		-	511
Cash and cash equivalents as at 1 January		3,664,366	2,839,581
CASH AND CASH EQUIVALENTS AS AT 30 JUNE		1,982,585	4,728,116

The attached notes 1 to 12 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 June 2023

1 CORPORATE AND GROUP 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 six month period end 30 June 2023 was authorised for issue in accordance with a resolution of the Board of Directors on 26 July 2023.

The consolidated financial statements for the year ended 31 December 2022 were approved by the shareholders at the Annual General Assembly meeting ("AGM") held on 16 May 2023. Dividends declared and paid by the Group for the year then ended are provided in Note 7.

The Parent Company is a public shareholding company incorporated on 29 July 1975, whose shares are publicly traded on Boursa Kuwait. 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 is regulated by the Capital Markets Authority ("CMA").

On 21 November 2021, the Parent Company was delisted from the list of the investment's companies registered with the Central Bank of Kuwait ("CBK") as a finance company ("financing activities") based on the Minister of Finance resolution No. 55 for 2021. The shareholders at the extraordinary general assembly meeting ("EGM") held on 1 June 2022 approved amendment of Article (5) of the Parent Company's Memorandum of Incorporation and Articles (4) of the Parent Company's Article of Association with respect to the primary objectives of the Parent Company. This includes the cancelation the finance activity which the Parent Company has been carrying on in accordance with 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. The amendment was authenticated in the commercial register of the Parent Company on 14 June 2022 under registration number 19086.

The activities are carried out in accordance with the Parent Company's Articles of Association. The principal activities of the Parent Company are, as follows:

- ▶ Investing in the field of trading and projects for the account of the Parent Company.
- ▶ Investing in real estate field through selling, buying and owning for the account of the Parent Company as well as investing in real estate funds for the account of the Parent Company.
- ▶ Investing in processes of management, development, construction, reconstruction and housing as well as all developmental processes in any field for the account of the Parent Company.
- ▶ Carrying out all business related to securities, including buying and selling shares and bonds of companies, governmental and semi-governmental bodies for the account of the Parent Company.
- ▶ Acting as an investment advisor.
- ▶ Acting as an unregistered security broker in the stock exchange.
- ▶ Acting as an investment portfolio manager.
- ▶ Carrying out all financial transactions such as borrowing, guarantees and issuing bonds of all kinds, with or without guarantee, in the local and international markets.
- ▶ Carrying out structuring, consulting works and buying and selling assets related to securitization operations for the account of the Parent Company or for the account of others.
- ▶ Acting as a collective investment scheme manager.

The Parent Company may have an interest in or participate in any manner with entities that carry on business activities similar to its own or which may assist the Parent Company in achieving its objectives inside Kuwait or abroad and it has the right to buy or affiliate with these bodies.

The interim condensed consolidated financial information of the Group include:

Name of subsidiary	Country of incorporation	Effective equity interest			Principal activities
		<i>(Audited)</i>			
		30 June 2023	31 December 2022	30 June 2022	
Directly held					
Coast Investments Limited ("CIL")*	BVI	-	-	100%	Investment services
Coast Holding Corporation ("CHC")*	USA	-	-	100%	Investment services
Indirectly held through CHC					
Winters Estate LLC ("Winters")*	USA	-	-	80%	Real estate services

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 June 2023

1 CORPORATE AND GROUP INFORMATION (continued)

* During the prior year, the Group liquidated CIL, CHC (and its indirectly held subsidiary Winters - dormant subsidiaries), which were not considered as separate major line of business or geographical area of operations for the Group.

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 six months ended 30 June 2023 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 2022.

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 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Definition of Accounting Estimates - Amendments to IAS 8

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, and changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's interim condensed consolidated financial information.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had no impact on the Group's interim condensed consolidated financial information, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Several amendments and interpretations apply for the first time in 2023, 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 June 2023

3 NET INVESTMENT INCOME (LOSS)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
	KD	KD	KD	KD
Realised gain on sale of financial assets at FVPL	9,400	9,842	2,053	98,673
Unrealised gain (loss) on sale of financial assets at FVPL, net*	154,213	(1,806,121)	(214,951)	(517,385)
Interest income*	60,847	16,574	117,869	34,593
Dividends income*	20,753	930,165	50,753	941,165
	245,213	(849,540)	(44,276)	557,046

* This includes transactions with related parties amounting to loss of KD 270,527 (30 June 2022: gain of KD 838,040) (Note 8).

4 (LOSS) EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the (loss) profit 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 (loss) profit 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>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	2023	2022	2023	2022
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	(394,055)	(570,862)	(916,143)	536,082
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)	(0.85) Fils	(1.23) Fils	(1.97) Fils	1.15 Fils

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

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these 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 June 2023

5 INVESTMENT IN ASSOCIATES

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

Company	Country of incorporation	Principal activities	% equity interest			Carrying amount		
			(Audited)			(Audited)		
			30 June 2023	31 December 2022	30 June 2022	30 June 2023 KD	31 December 2022 KD	30 June 2022 KD
Rico GmbH Kuwaiti German Holding Company K.S.C. (Closed)	Germany	Manufacturing	23.73	23.73	23.73	2,528,488	2,512,859	2,462,408
("KGH")*	Kuwait	Investment	23.49	23.49	23.49	14,058,489	14,284,548	13,489,819
Weinig International A.G. ("Weinig")*	Germany	Manufacturing	12.37	12.37	12.37	14,211,907	14,090,029	13,274,658
						30,798,884	30,887,436	29,226,885

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

Reconciliation to carrying amounts:

	30 June 2023 KD	(Audited) 31 December 2022 KD	30 June 2022 KD
As at 1 January	30,887,436	29,283,363	29,283,363
Share of results	(515,339)	1,953,848	442,785
Share of other comprehensive income (loss) that may be reclassified profit or loss in subsequent periods	10,891	(844,240)	(945,892)
Share of other comprehensive income that will not be reclassified to profit or loss in subsequent periods	-	1,403,761	1,471,796
Dividends	-	(117,043)	-
Exchange differences	415,896	(792,253)	(1,025,167)
As at end of the period/year	30,798,884	30,887,436	29,226,885

6 SHARE CAPITAL

The authorised, issued and paid-up capital of the Parent Company is KD 46,502,690 (31 December 2022: KD 46,502,690 and 30 June 2022: KD 46,502,690) that consist of 465,026,902 shares (31 December 2022: 465,026,902 and 30 June 2022: 465,026,902 shares) of 100 fils per share, which are fully paid in cash.

7 DIVIDENDS AND ANNUAL GENERAL ASSEMBLY MEETING

On 16 May 2023, the shareholders approved in the AGM the distribution of cash dividends of 5 fils per share to the shareholders registered on 20 June 2023 aggregating to KD 2,325,070 for the year ended 31 December 2022 (2021: 2,325,135).

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.

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 June 2023

8 RELATED PARTY DISCLOSURES (continued)

The following table provides the total amount of transactions that have been entered into with related parties during the six-month period ended 30 June 2023 and 2022, as well as balances with related parties as at 30 June 2023, 31 December 2022 and 30 June 2022:

	<i>Three months ended</i>		<i>Six months ended</i>		
	<i>30 June</i>		<i>30 June</i>		
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	
<i>Included in the interim condensed consolidated statement of profit or loss:</i>					
Management fees (Note 11)	61,823	104,358	140,977	275,968	
Unrealised gain (loss) on sale of financial assets at FVPL, net (Note 3)	141,823	(1,470,632)	(303,125)	(71,143)	
Interest income (Note 3)	18,215	3,818	32,598	7,592	
Dividends income (Note 3)	-	901,591	-	901,591	
			<i>(Audited)</i>		
	<i>Associates</i>	<i>Others</i>	<i>30 June</i>	<i>31 December</i>	
	<i>KD</i>	<i>KD</i>	<i>2023</i>	<i>2022</i>	
			<i>KD</i>	<i>KD</i>	
<i>Statement of interim condensed consolidated financial position:</i>					
Promissory notes*	1,634,144	-	1,634,144	1,602,735	1,563,964
Accrued management fees	-	61,823	61,823	90,228	104,358
Investment in a managed fund	-	8,241,019	8,241,019	8,544,144	8,814,105
Other liabilities	-	-	-	170,000	-

* Promissory notes represent a financing arrangement to an associate for the purpose of financing its operations and earn interest at 1.5% (31 December 2022: 1.5% and 30 June 2022: 1.5%) above 3-months EURIBOR, per annum.

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>Six months ended</i>		<i>(Audited)</i>		
	<i>30 June</i>		<i>30 June</i>		<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2023</i>	<i>2022</i>	<i>2022</i>
	<i>KD</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	45,130	43,047	89,202	108,982	46,462	37,165	36,738
End of service benefits	4,643	2,328	8,443	8,078	62,559	54,473	47,246
	49,773	45,375	97,645	117,060	109,021	91,638	83,984

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.

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 June 2023

9 SEGMENT INFORMATION (continued)

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

	For the six months ended 30 June 2023 (unaudited)			
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
Total income	(263,551)	(75,134)	170	(338,515)
Share of results of associates	(267,536)	(247,803)	-	(515,339)
Depreciation expense	(6,167)	-	-	(6,167)
(Loss) profit for the period	(841,179)	(75,134)	170	(916,143)
	For the six months ended 30 June 2022 (unaudited)			
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
Total income	1,073,788	134,899	-	1,208,687
Share of results of associates	147,543	295,242	-	442,785
Depreciation expense	(6,957)	-	-	(6,957)
Profit for the period	401,183	134,899	-	536,082
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
As at 30 June 2023 (Unaudited)				
Total assets	26,107,356	21,701,512	69,675	47,878,543
Total liabilities	1,442,825	-	-	1,442,825
Other disclosures:				
Investment in associates	14,058,489	16,740,395	-	30,798,884
As at 31 December 2022 (Audited)				
Total assets	29,295,336	21,533,836	69,504	50,898,676
Total liabilities	1,641,418	-	-	1,641,418
Other disclosures:				
Investment in associates	14,284,548	16,602,888	-	30,887,436
As at 30 June 2022 (Unaudited)				
Total assets	29,957,325	20,838,993	114,179	50,910,497
Total liabilities	3,817,724	-	20,695	3,838,419
Other disclosures:				
Investment in associates	13,489,819	15,737,066	-	29,226,885

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

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As at and for the period ended 30 June 2023

10 CAPITAL COMMITMENTS

As at the reporting date, the Group had capital commitments of KD 20,088 (31 December 2022: KD 19,519 and 30 June 2022: KD 19,238) 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 June 2023, portfolio and funds under management amounted to KD 78,711,455 (31 December 2022: KD 88,404,917 and 30 June 2022: KD 90,350,625).

Income earned from fiduciary assets amounted to KD 170,231 for the six months ended 30 June 2023 (30 June 2022: KD 312,236) out of which an amount of KD 140,977 (30 June 2022: KD 275,968) was earned from related parties (Note 8).

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

For instruments 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.

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

Set out below is the fair values of financial assets measured at fair value on a recurring basis as at 30 June 2023, 31 December 2022 and 30 June 2022:

	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 June 2023</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets at FVPL*:				
Open-ended fund	8,241,019	-	8,241,019	-
Private equity funds	3,396,648	-	-	3,396,648
Quoted equity securities	187,550	187,550	-	-
Unquoted equity securities	8,135	-	-	8,135
	<u>11,833,352</u>	<u>187,550</u>	<u>8,241,019</u>	<u>3,404,783</u>
Financial assets at FVOCI:				
Unquoted equity securities	68,933	-	-	68,933
Investment securities (at fair value)	<u><u>11,902,285</u></u>	<u><u>187,550</u></u>	<u><u>8,241,019</u></u>	<u><u>3,473,716</u></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 June 2023

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

	Fair value measurement using			
	Total KD	Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD
<i>31 December 2022 (Audited)</i>				
Financial assets at FVPL*:				
Open-ended fund	8,544,144	-	8,544,144	-
Private equity funds	3,397,717	-	-	3,397,717
Unquoted equity securities	8,052	-	-	8,052
	<u>11,949,913</u>	<u>-</u>	<u>8,544,144</u>	<u>3,405,769</u>
Financial assets at FVOCI:				
Unquoted equity securities	98,547	-	-	98,547
Investment securities (at fair value)	<u>12,048,460</u>	<u>-</u>	<u>8,544,144</u>	<u>3,504,316</u>

	Fair value measurement using			
	Total KD	Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD
<i>30 June 2022</i>				
Financial assets at FVPL*:				
Open-ended fund	8,814,105	-	8,814,105	-
Private equity funds	3,607,557	-	-	3,607,557
Quoted equity securities	640,025	640,025	-	-
Unquoted equity securities	8,052	-	-	8,052
	<u>13,069,739</u>	<u>640,025</u>	<u>8,814,105</u>	<u>3,615,609</u>
Financial assets at FVOCI:				
Unquoted equity securities	486,854	-	-	486,854
Investment securities (at fair value)	<u>13,556,593</u>	<u>640,025</u>	<u>8,814,105</u>	<u>4,102,463</u>

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

	(Audited)		
	30 June 2023 KD	31 December 2022 KD	30 June 2022 KD
Non-current	11,645,802	11,949,913	12,429,714
Current	187,550	-	640,025
	<u>11,833,352</u>	<u>11,949,913</u>	<u>13,069,739</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 June 2023

12 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

	30 June 2023		
	<i>Financial assets at FVTPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2023	3,405,769	98,547	3,504,316
Remeasurement recognised in profit or loss	(214,951)	-	(214,951)
Remeasurement recognised in OCI	-	(7,114)	(7,114)
Net purchases	213,965	-	213,965
Redemptions	-	(22,500)	(22,500)
As at 30 June 2023	3,404,783	68,933	3,473,716
	31 December 2022 (Audited)		
	<i>Financial assets at FVTPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2022	4,119,494	505,002	4,624,496
Remeasurement recognised in profit or loss	(608,862)	-	(608,862)
Remeasurement recognised in OCI	-	362,880	362,880
Sales	(104,863)	(769,335)	(874,198)
As at 31 December 2022 (Audited)	3,405,769	98,547	3,504,316
	30 June 2022		
	<i>Financial assets at FVPL KD</i>	<i>Financial assets at FVOCI KD</i>	<i>Total KD</i>
As at 1 January 2022	4,119,494	505,002	4,624,496
Remeasurement recognised in profit or loss	-	(18,148)	(18,148)
Remeasurement recognised in OCI	(457,742)	-	(457,742)
Sales	(46,143)	-	(46,143)
As at 30 June 2022	3,615,609	486,854	4,102,463

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 2022.

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.

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.

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