

**COAST INVESTMENT & DEVELOPMENT
COMPANY K.S.C.P.**

FINANCIAL STATEMENTS

31 DECEMBER 2024



**Shape the future
with confidence**

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P.

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Coast Investment & Development Company K.S.C.P. (the "Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P. (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the financial statements.

Impairment assessment of investment in associates

The Company's investment in associates amounted to KD 32,880,589 as at 31 December 2024, representing 69% of the total assets of the Company.

Investment in associates are accounted for under the equity method of accounting, whereby these investments are initially stated at cost, and are adjusted thereafter for the post acquisition change in the Company's share of the net assets of the associates less any impairment provisions. Management determines at the end of each reporting period the existence of any objective evidence through which the Company's investment in associates may be impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value.

The recoverable amount of investment in associates is determined based on value-in-use calculations which require the use of assumptions such as estimated future cash flow projections, terminal value growth rate and appropriate discount rates.

The Company engaged an external management expert to assist with the impairment testing.

Due to the level of judgement required in determining whether there is an indication that the carrying value of associates may be impaired and the key assumptions used to determine the recoverable amount if such indication exists, we identified this area as a key audit matter.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P. (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Impairment assessment of investment in associates (continued)

Our audit procedures included, amongst others, the following:

- ▶ We evaluated management's assessment as to whether objective evidence of impairment or reversal of impairments exists in relation to the Company's interest in the associate and the qualitative and quantitative factors used such as the investee's financial performance including dividends, and market, economic or legal environment in which the associate operates. Whenever there is such indication, we challenged the significant assumptions and valuation methods used by the management in assessing impairment or reversal of impairment and the reasonableness and appropriateness of those assumptions and methods in the circumstances.
- ▶ We assessed management's assumptions, including the comparison of relevant assumptions to industry benchmarks, economic forecasts, formal approved budgets and benchmarked the accuracy of the management's budget and forecast to actual performance in prior years.
- ▶ We involved our internal valuation specialists to challenge the significant assumptions and valuation methods used by the management, and the reasonableness and appropriateness of those assumptions and methods in the circumstances
- ▶ We evaluated the adequacy of the Company's disclosures in Note 7 to the financial statements, including disclosures of key assumptions and judgements.

Valuation of investment securities

The Company's investment securities represent 22% of the Company's total assets classified as financial assets at fair value through profit or loss (FVTPL) and financial assets at fair value through other comprehensive income (FVOCI) as disclosed in Note 8 to the financial statements, of which KD 4,573,914 are measured at fair value using significant observable inputs (Level 2) and KD 3,473,835 using significant unobservable inputs (Level 3), as disclosed in Note 18 to the financial statements.

The valuation of the Company's investment securities involves the use of assumptions and estimates, predominantly for the instruments classified within Level 2 and Level 3 of the fair value hierarchy. The key inputs to these models require a considerable degree of judgement by management in establishing fair values and include the determination of price to book multiples from comparable companies, identification of recent sales transactions, calculated Net Asset Value (NAV) and fair value from third party managers including application of illiquidity discounts in certain cases.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P. (continued)

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

Valuation of investment securities (continued)

Given the size and complexity of the valuation of unquoted investment securities and the importance of the disclosures relating to the assumptions used in the valuation, we addressed this as a key audit matter

Our audit procedures included, among others, the following:

- ▶ We have tested the Level 1 inputs by comparing the fair values applied by the Company to quoted prices in active markets.
- ▶ For valuations which used significant both observable and unobservable inputs (Level 2 and Level 3), we have tested the source data used in the valuations, to the extent possible, to independent sources and externally available market data to evaluate the data's relevance, completeness and accuracy.
- ▶ We have evaluated the appropriateness of the models used to what we considered to be available alternative valuation methods. We have also evaluated the reasonableness of the significant judgments and assumptions applied to the valuation models, including appropriateness of the comparable listed companies' selection, the pricing multiples and discounts for lack of marketability.
- ▶ We assessed the adequacy and the appropriateness of the Company's disclosures concerning fair value measurement of investment securities and the sensitivity to changes in unobservable inputs in Note 18 to the financial statements.

Other information included in the Company's 2024 Annual Report

Management is responsible for the other information. Other information consists of the information included in the Company's 2024 Annual Report, other than the financial statements and our auditor's report thereon. We obtained the report of the Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Company's 2024 Annual Report after the date of our auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P. (continued)

Report on the Audit of the Financial Statements (continued)

Other information included in the Company's 2024 Annual Report (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion proper books of account have been kept by the Company and the financial statements, together with the contents of the report of the Company's Board of Directors relating to these financial statements, are in accordance therewith. We further report that, we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, and by the Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No.1 of 2016, as amended, and its executive regulations, as amended, nor of the Company's Memorandum of Incorporation and Articles of Association, as amended, have occurred during the year ended 31 December 2024 that might have had a material effect on the business of the Company or on its financial position.

We further report that, during the course of our audit, we have not become aware of any violations of the provisions of Law No. 7 of 2010 concerning the establishment of Capital Markets Authority "CMA" and organization of security activity and its executive regulations, as amended, during the year ended 31 December 2024 that might have had a material effect on the business of the Company or on its financial position.



ABDULKARIM ALSAMDAN

LICENCE NO. 208 A

EY

AL AIBAN, AL OSAIMI & PARTNERS

20 March 2025
Kuwait

Coast Investment & Development Company K.S.C.P.

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
INCOME			
Net investment income	4	923,113	217,342
Management fees	15	195,071	280,357
Other income		5,367	6,559
Provision no longer required	13	-	207,608
Share of results of associates	7	629,890	1,125,288
Reversal of impairment of associates	7	-	2,142,527
Net foreign exchange differences		(59,176)	71,568
		1,694,265	4,051,249
EXPENSES			
Staff costs		(895,346)	(886,730)
General and administrative expenses		(337,773)	(487,933)
Depreciation expense	6	(10,222)	(11,103)
		(1,243,341)	(1,385,766)
PROFIT FOR THE YEAR BEFORE TAX		450,924	2,665,483
National Labour Support Tax (NLST)		(11,818)	(7,629)
Zakat		(1,259)	-
KFAS		(858)	(18,005)
PROFIT FOR THE YEAR		436,989	2,639,849
BASIC AND DILUTED EARNINGS PER SHARE	5	0.94 fils	5.68 fils

The attached notes 1 to 20 form part of these financial statements.

Coast Investment & Development Company K.S.C.P.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
PROFIT FOR THE YEAR		436,989	2,639,849
Other comprehensive (loss) income			
<i>Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations	7	(1,293,345)	1,186,813
Share of other comprehensive (loss) income of associates	7	(514,833)	372,452
Other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods		(1,808,178)	1,559,265
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>			
Net loss on equity instruments designated at fair value through other comprehensive income	18	(17,999)	(9,618)
Share of other comprehensive loss of associates	7	(63,908)	(285,989)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		(81,907)	(295,607)
Other comprehensive (loss) income for the year		(1,890,085)	1,263,658
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		(1,453,096)	3,903,507

The attached notes 1 to 20 form part of these financial statements.


Coast Investment & Development Company K.S.C.P.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 KD	2023 KD
ASSETS			
Non-current assets			
Property and equipment	6	1,140,344	1,093,846
Investment in associates	7	32,880,589	34,424,191
Financial assets at fair value through profit or loss	8	7,945,502	7,635,704
Financial assets at fair value through other comprehensive income	8	811,906	66,428
Other assets	9	979,447	1,320,138
		<u>43,757,788</u>	<u>44,540,307</u>
Current assets			
Financial assets at fair value through profit or loss	8	1,892,444	1,733,400
Other assets	9	1,265,623	1,568,013
Cash and cash equivalents	10	1,046,367	4,178,433
		<u>4,204,434</u>	<u>7,479,846</u>
TOTAL ASSETS		<u><u>47,962,222</u></u>	<u><u>52,020,153</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	46,502,690	46,502,690
Statutory reserve	11	990,754	945,662
Voluntary reserve	11	45,092	266,548
Other reserve	11	305,769	396,574
Foreign currency translation reserve	11	(193,624)	1,587,657
Fair value reserve	11	(864,953)	(846,954)
Retained earnings		271,736	1,983,518
Total equity		<u>47,057,464</u>	<u>50,835,695</u>
Liabilities			
Non-current liabilities			
Employees' end of service benefits	12	315,656	242,423
Current liabilities			
Other liabilities	13	589,102	942,035
Total liabilities		<u>904,758</u>	<u>1,184,458</u>
TOTAL EQUITY AND LIABILITIES		<u><u>47,962,222</u></u>	<u><u>52,020,153</u></u>


Basim Abdullah Al-Othman
Chairman


Asaad Ahmad Al-Banwan
Vice Chairman & CEO

The attached notes 1 to 20 form part of these financial statements.

Coast Investment & Development Company K.S.C.P.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	<i>Share capital KD</i>	<i>Statutory reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Other reserves KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Fair value reserve KD</i>	<i>Retained earnings KD</i>	<i>Total equity KD</i>
As at 1 January 2024	46,502,690	945,662	266,548	396,574	1,587,657	(846,954)	1,983,518	50,835,695
Profit for the year	-	-	-	-	-	-	436,989	436,989
Other comprehensive loss for the year	-	-	-	(90,805)	(1,781,281)	(17,999)	-	(1,890,085)
Total comprehensive (loss) income for the year	-	-	-	(90,805)	(1,781,281)	(17,999)	436,989	(1,453,096)
Dividends (Note 11.7)	-	(75,069)	(266,548)	-	-	-	(1,983,518)	(2,325,135)
Reinstatement of statutory reserve utilised for prior year dividends (Note 11.2)	-	75,069	-	-	-	-	(75,069)	-
Transfer to reserves (Note 11.2 and Note 11.3)	-	45,092	45,092	-	-	-	(90,184)	-
As at 31 December 2024	46,502,690	990,754	45,092	305,769	(193,624)	(864,953)	271,736	47,057,464
As at 1 January 2023	46,502,690	679,114	679,114	682,563	28,392	(814,836)	1,500,221	49,257,258
Profit for the year	-	-	-	-	-	-	2,639,849	2,639,849
Other comprehensive income (loss) for the year	-	-	-	(285,989)	1,559,265	(9,618)	-	1,263,658
Total comprehensive (loss) income for the year	-	-	-	(285,989)	1,559,265	(9,618)	2,639,849	3,903,507
Transfer of reserve on redemption of equity investments designated at FVOCI to retained earnings	-	-	-	-	-	(22,500)	22,500	-
Dividends (Note 11.7)	-	(145,735)	(679,114)	-	-	-	(1,500,221)	(2,325,070)
Reinstatement of statutory reserve utilised for prior year dividends (Note 11.2)	-	145,735	-	-	-	-	(145,735)	-
Transfer to reserves (Note 11.2 and Note 11.3)	-	266,548	266,548	-	-	-	(533,096)	-
As at 31 December 2023	46,502,690	945,662	266,548	396,574	1,587,657	(846,954)	1,983,518	50,835,695

The attached notes 1 to 20 form part of these financial statements.

Coast Investment & Development Company K.S.C.P.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
OPERATING ACTIVITIES			
Profit before tax		450,924	2,665,483
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Share of results of associates	7	(629,890)	(1,125,288)
Reversal of impairment of associates	7	-	(2,142,527)
Realised loss (gain) on sale financial assets at FVTPL	4	16,022	(28,463)
Unrealised (gain) loss on financial assets at FVTPL	4	(700,638)	195,874
Withholding tax expense on dividends distribution from investment in associates		15,070	15,876
Interest income	4	(144,179)	(228,568)
Dividend income	4	(94,318)	(156,185)
Net foreign exchange differences		59,176	(71,568)
Provision no longer required	13	-	(207,608)
Depreciation expense	6	10,222	11,103
Employees' end of service benefits, net	12	73,233	72,591
		(944,378)	(999,280)
<i>Changes in operating assets and liabilities:</i>			
Financial assets at FVTPL		215,774	2,413,398
Other assets		649,260	553,831
Other liabilities		(143,945)	(14,960)
Cash flows (used in) from operations		(223,289)	1,952,989
Employees' end of service benefits paid	12	-	(103,784)
Taxes paid		(275,672)	(281,166)
Dividend income received		94,318	156,185
Net cash flows (used in) from operating activities		(404,643)	1,724,224
INVESTING ACTIVITIES			
Purchase of property and equipment	6	(56,720)	(48,323)
Dividends received from an associate	7	221,910	232,806
Proceeds from capital reduction of an associate	7	-	687,783
Purchase of financial assets at FVOCI		(763,477)	-
Proceeds from capital redemption of financial assets at FVOCI		-	22,501
Interest income received		143,250	167,813
Net cash flows (used in) from investing activities		(455,037)	1,062,580
FINANCING ACTIVITIES			
Dividends paid		(2,272,386)	(2,272,737)
Net cash flows used in financing activities		(2,272,386)	(2,272,737)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(3,132,066)	514,067
Cash and cash equivalents as at 1 January		4,178,433	3,664,366
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	10	1,046,367	4,178,433

The attached notes 1 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

1 CORPORATE INFORMATION

The financial statements of the Coast Investment & Development Company K.S.C.P. (the “Company”) for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 20 March 2025, and the shareholders have the power to amend these financial statements at the annual general assembly meeting (“AGM”).

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

On 21 November 2021, the 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 Company’s Memorandum of Incorporation and Articles (4) of the Company’s Article of Association with respect to the primary objectives of the Company. This includes the cancellation the finance activity which the 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 Company on 14 June 2023 under registration number 19086.

The Company’s registered office is at P.O. Box 26755, Safat 13128, State of Kuwait.

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

- ▶ Investing in the field of trading and projects for the account of the Company.
- ▶ Investing in real estate field through selling, buying and owning for the account of the Company as well as investing in real estate funds for the account of the 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 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 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 Company or for the account of others.
- ▶ Acting as a collective investment scheme manager.

The 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 Company in achieving its objectives inside Kuwait or abroad and it has the right to buy or affiliate with these bodies.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) Accounting Standards as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on a historical cost basis, except for equity financial assets that have been measured at fair value.

The financial statements are presented in Kuwaiti Dinars (“KD”), which is also the functional currency of the Company.

The Company has prepared the financial statements on the basis that it will continue to operate as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated). The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback

The amendments in IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Company's financial statements.

Amendments to IAS 1 - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- ▶ What is meant by a right to defer settlement
- ▶ That a right to defer must exist at the end of the reporting period
- ▶ That classification is unaffected by the likelihood that an entity will exercise its deferral right
- ▶ That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no material impact on the Company's financial statements.

Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments had no material impact on the Company's financial statements.

Other amendments to IFRS Accounting Standards which are effective for annual accounting period starting from 1 January 2024 did not have any material impact on the accounting policies, financial position or performance of the Company.

2.3 STANDARDS ISSUED BUT NOT EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

IFRS 18 also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.3 STANDARDS ISSUED BUT NOT EFFECTIVE (continued)

IFRS 18 Presentation and Disclosure in Financial Statements (continued)

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

Lack of exchangeability – Amendments to IAS 21

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Company's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

2.4.1 Investment in associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Company's investment in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Company's share of profit or loss of an associate is shown on the face of the profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.1 Investment in associates(continued)

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4.2 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.4.3 Term deposits

Term deposits represent deposits with banks maturing within three to twelve months from the date of placement and earn interest.

2.4.4 Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and initial measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- ▶ Financial assets at amortised cost (debt instruments)
- ▶ Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- ▶ Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- ▶ Financial assets at fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.4 Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

b) Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company has no debt instruments at fair value through OCI as at the reporting date.

c) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends recognised in profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company elected to classify irrevocably certain equity investments under this category.

d) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes certain equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- ▶ The rights to receive cash flows from the asset have expired; or
- ▶ The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.4 Financial instruments – initial recognition and subsequent measurement (continued)

i) Financial assets (continued)

Derecognition (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company's financial liabilities represents other liabilities.

All financial liabilities are recognised initially at fair value and, in the case of accounts payable, net of directly attributable transaction costs.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- ▶ Financial liabilities at fair value through profit or loss
- ▶ Financial liabilities at amortised cost (including loans and borrowings)

The Company has not designated any financial liability as at fair value through profit or loss and financial liabilities at amortised cost is more relevant to the Company.

Financial liabilities at amortised cost

Accounts payable and accruals

Accounts payable and accruals are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.5 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss as follows:

- ▶ Trade and other receivables, including contract assets
- ▶ Financial assets measured at amortised cost (credit facilities)

Equity investments are not subject to ECLs. Further, the Company has no debt investments measured at FVOCI.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4.6 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Freehold land is not depreciated.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- | | |
|--------------------|-----------|
| ▶ Building | 20 years |
| ▶ Office equipment | 3-5 years |

An item of property and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.7 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.4.8 Employee benefits

The Company provides end of service benefits to all its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period in accordance with relevant Labor Law and employees' contracts. The expected costs of these benefits are accrued over the period of employment. This liability, which is unfunded, represents the amount payable to each employee as a result of termination on the reporting date.

In addition, with respect to its Kuwaiti national employees, the Company makes contributions to the Public Institution for Social Security calculated as a percentage of the employees' salaries. These contributions are expensed when due.

2.4.9 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.4.10 Dividend distribution

The Company recognises a liability to pay a dividend when the distribution is no longer at the discretion of the Company. As per the company's law, a distribution is authorised when it is approved by the shareholders at the annual general assembly meeting ("AGM"). A corresponding amount is recognised directly in equity.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.4.11 Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.12 Taxes

Kuwait Foundation for the Advancement of Sciences ('KFAS')

The contribution to KFAS is calculated at 1% of the profit for the year in accordance with the modified calculation based on the Foundation's Board of Directors' resolution, which states that income from associates and subsidiaries, Board of Directors' remuneration and transfer to statutory reserve until the reserve reaches 50% of share capital should be excluded from the profit for the year base when determining the contribution. The contribution to KFAS is payable in full before the AGM is held in accordance with the Ministerial Resolution (184/2022).

National Labour Support Tax ('NLST')

The Company calculates the NLST in accordance with Law No. 19 of 2000 and the Minister of Finance Resolutions No. 24 of 2006 at 2.5% of taxable profit for the year. As per law, income from associates and subsidiaries, cash dividends from listed companies which are subjected to NLST have been deducted from the profit for the year.

Zakat

Contribution to Zakat is calculated at 1% of the profit of the Company in accordance with the Ministry of Finance resolution No. 58/2007 effective from 10 December 2007.

2.4.13 Revenue recognition

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Fee and commission income

The Company earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Company's revenue contracts do not typically include multiple performance obligations.

When the Company provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

2.4.14 Interest income

Interest income is recognised in profit or loss for all interest-bearing financial instruments using the effective interest method. The effective interest method is used in the calculation of the amortised cost of a financial asset and in the allocation and recognition of the interest revenue in the statement of profit or loss over the relevant period.

2.4.15 Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.15 Foreign currencies (continued)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

2.4.16 Fiduciary assets

The Company provides trust and other fiduciary services that result in the holding or investing of assets on behalf of its clients. Assets held in a fiduciary capacity, unless recognition criteria are met, are not reported in the statement of financial position, as they are not assets of the Company.

2.4.17 Contingencies

Contingent assets are not recognised in the statement of financial position but are disclosed when an inflow of economic benefit is probable.

Contingent liabilities are not recognised in the statement of financial position but are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

2.4.18 Segment information

A segment is a distinguishable component of the Company that engages in business activities from which it earns revenue and incurs costs. The operating segments are used by the management of the Company to allocate resources and assess performance. Operating segments exhibiting similar economic characteristics, product and services, class of customers where appropriate are aggregated and reported as reportable segments.

2.4.19 Events after the reporting period

If the Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Company will assess if the information affects the amounts that it recognises in the Company's financial statements. The Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information.

For non-adjusting events after the reporting period, the Company will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

2.4.20 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- ▶ Expected to be realised or intended to be sold or consumed in the normal operating cycle
- ▶ Held primarily for the purpose of trading
- ▶ Expected to be realised within twelve months after the reporting period; or
- ▶ Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- ▶ It is expected to be settled in the normal operating cycle
- ▶ It is held primarily for the purpose of trading
- ▶ It is due to be settled within twelve months after the reporting period; or
- ▶ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

2.4.21 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 to by the Company.

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 Company 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.

All assets and liabilities for which the fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ 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; and
- ▶ Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the Level of the fair value hierarchy as explained above.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

3 SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Significant judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the financial statements:

Classification of financial assets

The Company determines the classification of financial assets based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual notes of the related financial statement line items below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of tangible assets

The Company assesses impairment of tangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of associates

Investment in associates are accounted for under the equity method of accounting for associates, whereby these investments are initially stated at cost, and are adjusted thereafter for the post-acquisition change in the Company's share of the net assets of the associates less any impairment losses.

The Company is required to assess, at each reporting date, whether there are indications of impairment. If such indications exist, the management estimates the recoverable amount of the associate in order to determine the extent of the impairment loss (if any). The identification of impairment indicators and determination of the recoverable amounts require management to make significant judgements, estimates and assumptions.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Impairment of financial assets at amortised cost

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. For other receivables, the Company applies a simplified approach in calculating ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Actual results may differ from these estimates.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available). This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

4 NET INVESTMENT INCOME

	<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
Realised (loss) gain on sale of financial assets at FVTPL	(16,022)	28,463
Unrealised gain (loss) on financial assets at FVTPL*	700,638	(195,874)
Interest income*	144,179	228,568
Dividend income	94,318	156,185
	923,113	217,342

* These items include transactions with related parties amounting to KD 420,045 (2023: KD 405,253) (Note 14).

5 EARNINGS PER SHARE (EPS)

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

	<i>2024</i>	<i>2023</i>
Profit for the year (KD)	436,989	2,639,849
Weighted average number of shares outstanding during the year (shares)	465,026,902	465,026,902
Basic and diluted EPS	0.94 fils	5.68 fils

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Coast Investment & Development Company K.S.C.P.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

6 PROPERTY AND EQUIPMENT

	<i>Land KD</i>	<i>Building KD</i>	<i>Office equipment KD</i>	<i>Total KD</i>
Cost:				
As at 1 January 2023	1,052,750	561,000	490,873	2,104,623
Additions	-	29,350	18,973	48,323
Disposal	-	-	(1,550)	(1,550)
As at 31 December 2023	1,052,750	590,350	508,296	2,151,396
Additions	-	17,500	39,220	56,720
As at 31 December 2024	1,052,750	607,850	547,516	2,208,116
Accumulated depreciation:				
As at 1 January 2023	-	(561,000)	(486,997)	(1,047,997)
Depreciation charge for the year	-	(790)	(10,313)	(11,103)
Related to disposal	-	-	1,550	1,550
As at 31 December 2023	-	(561,790)	(495,760)	(1,057,550)
Depreciation charge for the year	-	(5,286)	(4,936)	(10,222)
As at 31 December 2024	-	(567,076)	(500,696)	(1,067,772)
Net book value:				
As at 31 December 2024	1,052,750	40,774	46,820	1,140,344
As at 31 December 2023	1,052,750	28,560	12,536	1,093,846

7 INVESTMENT IN ASSOCIATES

The Company has interests in the following entities classified as associates:

<i>Company</i>	<i>Country of incorporation</i>	<i>Equity interest %</i>		<i>Principal activities</i>	<i>Carrying amounts</i>	
		<i>2024</i>	<i>2023</i>		<i>2024 KD</i>	<i>2023 KD</i>
Rico GmbH	Germany	23.73	23.73	Manufacturing	2,226,368	2,439,868
Kuwaiti German Holding Company K.S.C. (Closed) ("KGH")*	Kuwait	23.49	23.49	Investing activities	15,440,652	15,560,418
Weinig International AG ("Weinig")*	Germany	12.37	12.37	Manufacturing	15,213,569	16,423,905
					32,880,589	34,424,191

* KGH has a direct ownership of 52% (2023: 52%) in Weinig.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

7 INVESTMENT IN ASSOCIATES (continued)

A reconciliation of the summarised financial information to the carrying amount of the associates is set out below:

Reconciliation to carrying amounts	2024 KD	2023 KD
As at 1 January	34,424,191	30,887,436
Share of results	629,890	1,125,288
Reversal of impairment losses previously recognised	-	2,142,527
Share of other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods	(514,833)	372,452
Share of other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(63,908)	(285,989)
Dividends	(221,910)	(232,806)
Withholding tax receivables	(64,426)	(67,871)
Withholding tax expenses	(15,070)	(15,876)
Capital reduction received from an associate	-	(687,783)
Exchange differences	(1,293,345)	1,186,813
As at 31 December	32,880,589	34,424,191

The following table illustrates the summarised financial information of the associates that are material to the Company. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Company's share of those amounts:

Summarised statement of financial position:

As at 31 December 2024	Rico GmbH KD	KGH KD	Weinig KD	Total KD
Current assets	7,344,039	97,915,527	96,108,384	201,367,950
Non-current assets	3,331,071	85,928,155	90,719,502	179,978,728
Current liabilities	(531,168)	(59,387,116)	(58,897,163)	(118,815,447)
Non-current liabilities	(761,384)	(61,017,822)	(60,817,244)	(122,596,450)
Equity	9,382,558	63,438,744	67,113,479	139,934,781
Goodwill	-	2,036,391	9,514,690	11,551,081
Accumulated impairment losses	-	(1,499,403)	(2,604,065)	(4,103,468)
Company's carrying amount of the investment	2,226,368	15,440,652	15,213,569	32,880,589
As at 31 December 2023	Rico GmbH KD	KGH KD	Weinig KD	Total KD
Current assets	6,785,857	120,922,003	119,256,230	246,964,090
Non-current assets	5,005,049	79,519,910	87,031,592	171,556,551
Current liabilities	(614,977)	(71,221,115)	(70,580,714)	(142,416,806)
Non-current liabilities	(893,621)	(65,264,092)	(61,870,691)	(128,028,404)
Equity	10,282,308	63,956,706	73,836,417	148,075,431
Goodwill	-	2,036,391	9,939,218	11,975,609
Accumulated impairment losses	-	(1,499,403)	(2,649,985)	(4,149,388)
Company's carrying amount of the investment	2,439,868	15,560,418	16,423,905	34,424,191

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

7 INVESTMENT IN ASSOCIATES (continued)
Summarised statement of profit or loss and other comprehensive income:

<i>For the year ended 31 December 2024</i>	<i>Rico GmbH KD</i>	<i>KGH KD</i>	<i>Weinig KD</i>	<i>Total KD</i>
Revenue	8,291,169	174,666,328	176,112,322	359,069,819
(Loss) profit	(506,784)	1,362,210	3,476,704	4,332,130
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods	-	(1,736,220)	(864,428)	(2,600,648)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	-	(135,784)	(258,726)	(394,510)
Total comprehensive (loss) income	(506,784)	(509,794)	2,353,550	1,336,972
Share of (loss) profit for the year	(120,254)	320,024	430,120	629,890
Share of other comprehensive loss	-	(439,790)	(138,951)	(578,741)
Share of total comprehensive (loss) income	(120,254)	(119,766)	291,169	51,149
<i>For the year ended 31 December 2023</i>	<i>Rico GmbH KD</i>	<i>KGH KD</i>	<i>Weinig KD</i>	<i>Total KD</i>
Revenue	10,918,695	198,249,422	198,843,221	408,011,338
(Loss) profit	(520,982)	2,547,130	5,258,480	7,284,628
Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods	-	1,743,040	(299,399)	1,443,641
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	-	(621,289)	(1,131,874)	(1,753,163)
Total comprehensive (loss) income	(520,982)	3,668,881	3,827,207	6,975,106
Share of (loss) profit for the year	(123,662)	598,397	650,553	1,125,288
Share of other comprehensive income (loss)	-	263,533	(177,070)	86,463
Share of total comprehensive (loss) income	(123,662)	861,930	473,483	1,211,751

Impairment assessment of Weinig and KGH

Management considered the performance outlook and business operations of the CGUs to determine whether the carrying amount does not exceed the recoverable amount.

The recoverable amount has been determined based on a value in use calculation using the cash flow projections from financial budgets approved by the associates' senior management covering a five-year period. The projected cash flows have been updated to reflect the current economic environment and expected demand of construction in the US market.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

7 INVESTMENT IN ASSOCIATES (continued)*Impairment assessment of Weinig and KGH (continued)*

The pre-tax discount rate (before growth allowance) applied to cash flow projections is from 9.5% to 9.8% (2023: 9.6% to 10%) and cash flows beyond the five-year period are extrapolated using a 1% growth rate (2023: 1%). Management believes that the growth rate is justified and is in line with the long-term average growth rate for the product lines and industries of the segments and takes into account a sustainable and annually anticipated average level of future financial surpluses. As a result of this analysis, the recoverable amount of the entire CGUs based on the value-in-use as at 31 December 2024 exceeded the carrying value. Therefore, no impairment losses were recognised in the statement of profit or loss for the year ended 31 December 2024.

In the prior year, the management identified the existence of indicators for reversal of impairment that was previously recorded and conducted an assessment based on the value-in-use outcome as at 31 December 2023, taking into consideration both internal and macroeconomic factors. As a result, the management recorded reversal of impairment of associates previously recorded amounting to KD 2,142,527 in the statement of profit or loss for the prior year ended 31 December 2023.

Key assumptions used in value in use calculations and sensitivity to changes in assumptions.

- ▶ Annual revenue growth rate during the forecast period.
- ▶ Discount rate.
- ▶ Long-term growth rates (terminal value) used to extrapolate cash flows beyond the forecast period.

Sensitivity to changes in assumptions

The management believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount of the CGU to reduce materially below the carrying value. The sensitivity analyses are based on a change in each of the respective assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The recoverable amount would decrease as result of the following changes in assumptions, with no overall impairment loss required:

- A decline in the annual revenue growth rate during the forecast period by 3%.
- An increase in the discount rate by 0.5%.
- A decrease in the long-term growth rate by 0.5%.

8 INVESTMENT SECURITIES

	<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
Non-current		
<i>Financial assets at FVTPL</i>		
Open-ended mutual funds (Note 14)	4,573,914	4,209,637
Private equity funds	1,835,658	3,418,459
Unquoted equity securities	1,535,930	7,608
	7,945,502	7,635,704
<i>Financial assets at FVOCI</i>		
Quoted equity securities	709,659	-
Unquoted equity securities	102,247	66,428
	811,906	66,428
Current		
<i>Financial assets at FVTPL</i>		
Quoted equity securities	1,892,444	1,733,400

The hierarchy for determining and disclosing the fair values of financial instruments by valuation techniques is presented in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

9 OTHER ASSETS

	<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
Non-current		
Promissory notes (Note 14)	891,371	1,232,447
Other receivables, net*	88,076	87,691
	979,447	1,320,138
Current		
Advances and prepayments	34,763	52,398
Accrued income	48,455	47,602
Other receivables, net*	1,182,405	1,468,013
	1,265,623	1,568,013
	2,245,070	2,888,151

*As at 31 December 2024, the Company's other receivables are net of provision of allowance for expected credit losses of KD 250,469 (2023: KD 250,469).

The net carrying value of accounts receivable is considered a reasonable approximation of fair value. Other classes within other receivables do not contain impaired assets.

Note 19.1 includes disclosures relating to the credit risk exposures the Company's other receivables.

The maximum exposure to credit risk exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

10 CASH AND CASH EQUIVALENTS

	<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
Cash on hand	544	500
Cash at banks	462,005	492,135
Short-term deposits	583,818	3,685,798
	1,046,367	4,178,433

Short-term deposits are made for varying periods between one and three months, depending on the immediate cash requirements of the Company, and earn interest at an average rate of 3.58% per annum (2023: of 3.85% per annum).

11 SHARE CAPITAL AND RESERVES**11.1 Share capital**

	<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
Authorised, issued and paid-up capital		
465,026,902 (2023: 465,026,902) shares of 100 (2023: 100) fils each	46,502,690	46,502,690

11.2 Statutory reserve

In accordance with the Companies' Law, and the Company's Memorandum of Incorporation and Articles of Association, a minimum of 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), Zakat, NLST and Directors' remuneration less accumulated losses brought forward shall be transferred to the statutory reserve until this reserve exceeds 50% of the paid-up share capital.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

11 SHARE CAPITAL AND RESERVES (continued)

11.2 Statutory reserve (continued)

The annual general assembly may resolve to discontinue such transfer when the reserve exceeds 50% of the issued share capital. The reserve may only be used to offset losses or enable the payment of a dividend up to 5% of paid-up share capital in years when profit is not sufficient for the payment of such dividend due to absence of distributable reserves. Any amounts deducted from the reserve shall be refunded when the profits in the following years suffice unless such reserve exceeds 50% of the issued share capital.

During the year, the Company has reinstated the statutory reserve that had been utilised for prior year dividends of KD 75,069 (2023: KD 145,735) in accordance with the Companies' Law.

11.3 Voluntary reserve

In accordance with the Companies' Law, and the Company's Memorandum of Incorporation and Articles of Association, a maximum of 10% of the profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences, Zakat, NLST and Directors' remuneration less accumulated losses brought forward shall be transferred to the voluntary reserve. Such annual transfers may be discontinued by a resolution of the shareholders' general assembly upon a recommendation by the Board of Directors. There are no restrictions on the distribution of this reserve.

11.4 Other reserves

The other reserves represent effects of changes in other comprehensive income of associates.

11.5 Foreign currency translation reserve

Exchange differences arising on translation of the foreign investment in associates are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

11.6 Fair value reserve

The Company has elected to recognise changes in the fair value of certain investments in equity securities in OCI. These changes are accumulated within the FVOCI reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

11.7 Distributions made and proposed

	<i>2024</i> <i>KD</i>	<i>2023</i> <i>KD</i>
Cash dividends on ordinary shares declared and paid:		
2023: 5 fils per share (2022: 5 fils per share)	<u>2,325,135</u>	<u>2,325,070</u>
Proposed dividends on ordinary shares:		
Proposed cash dividend for 2024: Nil (2023: 5 fils per share)	<u>-</u>	<u>2,325,135</u>

Annual General Assembly Meeting ("AGM")

31 December 2023

The Shareholders at the AGM dated 30 April 2024 approved the distribution of dividends for the year ended 31 December 2023 of KD 2,325,135. This distribution was made through retained earnings of KD 1,983,518, voluntary reserve of KD 266,548 and part of statutory reserve of KD 75,069.

31 December 2022

The Shareholders at the AGM dated 16 May 2023 approved the distribution of dividends for the year ended 31 December 2022 of KD 2,325,070. This distribution was made through retained earnings of KD 1,500,221, voluntary reserve of KD 679,114 and part of statutory reserve of KD 145,735.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

12 EMPLOYEES' END OF SERVICE BENEFITS

Set out below is the movement in the provision for employees' end of service benefits:

	2024 KD	2023 KD
As at 1 January	242,423	273,616
Charge for the year	75,183	72,591
Reversal of provision	(1,950)	-
Payments during the year	-	(103,784)
As at 31 December	315,656	242,423

13 OTHER LIABILITIES

	2024 KD	2023 KD
Dividends payable	396,892	344,143
Taxes payable*	13,935	279,635
Other payables	178,275	318,257
	589,102	942,035

* As at 31 December 2024, the Company has KFAS payables of KD 858 (2023: KD 18,005). During the year, the Company has settled an amount of KD 18,005 (2023: KD 15,304) to KFAS.

During the year, the Company reversed the excess provision for taxation of KD Nil (2023: KD 207,608). The reversed amounts were recorded in the statement of profit or loss.

14 RELATED PARTY DISCLOSURES

These represent transactions with related parties, i.e. major shareholders, associates, directors and key management personnel, and entities controlled, jointly controlled or significantly influenced by such parties. All related party transactions are carried out on terms approved by the Company's management.

The following table shows the aggregate value of transactions and outstanding balances with related parties:

	Associates KD	Others KD	2024 KD	2023 KD
Statement of financial position				
Promissory notes* (Note 9)	891,371	-	891,371	1,232,447
Accrued management fees	-	22,739	22,739	19,868
Investment in managed fund (Note 8)	-	4,573,914	4,573,914	4,209,637
Other liabilities	2,663	7,454	10,117	184,035

* Promissory notes represent a financing arrangement to an associate for the purpose of financing its operations and earn interest at 1.5% (2023: 1.5%) above 3-months EURIBOR, per annum.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in the market. Outstanding balances are due for settlement at any given time to the holder against the presentation of the promissory note. There have been no guarantees provided or received for any related party receivables or payables. During the years ended 31 December 2024 and 2023, the Company has not recorded any provisions for expected credit losses relating to amounts owed by related parties as management considered the instrument to have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. This assessment is undertaken at each financial reporting period through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

14 RELATED PARTY DISCLOSURES (continued)

	<i>Associates KD</i>	<i>Others KD</i>	<i>2024 KD</i>	<i>2023 KD</i>
Statement of profit or loss				
Management fees (Note 15)	-	88,969	88,969	204,109
Net investment income from managed fund (Note 4)	-	364,277	364,277	339,745
Interest income (Note 4)	55,768	-	55,768	65,508
General and administrative expenses	(29,451)	(11,191)	(40,642)	(195,358)

Transactions with key management personnel

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company and its employees.

The aggregate value of transactions and outstanding balances related to key management personnel were, as follows:

	<i>Transactions values for the year ended</i>		<i>Balance outstanding as at</i>	
	<i>2024 KD</i>	<i>2023 KD</i>	<i>2024 KD</i>	<i>2023 KD</i>
Key management personnel compensation				
Salaries and other short-term benefits	388,218	277,657	74,692	60,808
End of service benefits	29,960	25,403	109,887	79,927
	418,178	303,060	184,579	140,735

15 FIDUCIARY ASSETS

The Company manages a number of investments in a fiduciary capacity. As at 31 December 2024, portfolio and funds under management amounted to KD 60,491,680 (2023: KD 62,673,989). Amount of KD 4,569,198 (2023: KD 4,206,709) is related to one of the Company's related parties.

These funds have no recourse to the general assets of the Company and the Company has no recourse to the assets of the funds. Accordingly, the assets of these funds are not included in the financial statements.

Income earned from fiduciary assets amounted to KD 195,071 (2023: KD 280,357). Amount of KD 88,969 (2023: KD 204,109) were earned from a related party (Note 14).

16 COMMITMENTS AND CONTINGENT LIABILITIES**16.1 Commitments**

The Company had no capital commitments as at 31 December 2024 and 31 December 2023.

16.2 Contingent liabilities

The Company had no contingent liabilities as at 31 December 2024 and 31 December 2023.

17 SEGMENT INFORMATION

The Company'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.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

17 SEGMENT INFORMATION (continued)

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

	31 December 2024			
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
Total income	999,670	664,246	30,349	1,694,265
Share of results of associates	320,023	309,867	-	629,890
Depreciation expense	(10,222)	-	-	(10,222)
Profit for the year	(226,420)	641,545	21,864	436,989

	31 December 2024			
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
Total assets	25,922,478	21,633,958	405,786	47,962,222
Total liabilities	902,095	2,663	-	904,758
Other disclosures				
Investment in associates	15,440,652	17,439,937	-	32,880,589

	31 December 2023			
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
Total income	2,294,874	1,756,273	102	4,051,249
Share of results of associates	598,397	526,891	-	1,125,288
Reversal of impairment of associates	1,101,721	1,040,806	-	2,142,527
Depreciation expense	(11,103)	-	-	(11,103)
Profit for the year	883,474	1,756,273	102	2,639,849

	31 December 2023			
	<i>Kuwait and GCC KD</i>	<i>Europe KD</i>	<i>USA KD</i>	<i>Total KD</i>
Total assets	28,097,417	23,513,892	408,844	52,020,153
Total liabilities	1,184,458	-	-	1,184,458
Other disclosures				
Investment in associates	15,560,418	18,863,773	-	34,424,191

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

18 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities.

For financial assets and financial liabilities that are liquid or having a short-term maturity (less than three months), the carrying amount approximates their fair value. The fair values of financial instruments are not materially different from their carrying values.

The methodologies and assumptions used to determine fair values of financial instruments is described in the fair value section of material accounting policy information (Note 3).

Valuation methods and assumptions:

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

Listed investment in equity securities

Fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments. The Company classifies the fair value of these investments as Level 1 of the hierarchy.

Unlisted equity investments

The Company 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 Company uses a market-based valuation technique for these positions. The Company determines comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate trading multiple for each comparable company identified. The multiple is calculated by dividing the market value of the comparable company by its book value. The market value of a company is its share price multiplied by the number of outstanding shares.

The book value is the net assets of a company. 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. If management determines that market-based valuation techniques are deemed unreflective and a significant underlying value of the investee is within its assets, management alternatively uses adjusted net assets value ("NAV"). The discounted multiple is applied to the corresponding capital measure of the investee company to measure the fair value. The Company classifies the fair value of these investments as Level 3.

Unlisted mutual funds

The Company invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods. The management considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these investee funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the investee fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the investee fund.

Depending on the nature and level of adjustments needed to the NAV and the level of trading in the investee fund, the Company classifies these funds as either Level 2 or Level 3.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

18 FAIR VALUE MEASUREMENT (continued)***Fair value hierarchy***

The following tables provide the fair value measurement hierarchy of the Company's financial instruments measured at fair value:

	Fair value measurement using			
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>Total KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
31 December 2024				
Financial assets at FVTPL:				
Quoted equity securities	1,892,444	1,892,444	-	-
Open-ended fund	4,573,914	-	4,573,914	-
Private equity funds	1,835,658	-	-	1,835,658
Unquoted equity securities	1,535,930	-	-	1,535,930
	9,837,946	1,892,444	4,573,914	3,371,588
Financial assets at FVOCI:				
Quoted equity securities	709,659	709,659	-	-
Unquoted equity securities	102,247	-	-	102,247
	811,906	709,659	-	102,247
Investment securities (at fair value)	10,649,852	2,602,103	4,573,914	3,473,835
	Fair value measurement using			
		<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
	<i>Total KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
31 December 2023				
Financial assets at FVTPL:				
Quoted equity securities	1,733,400	1,733,400	-	-
Open-ended fund	4,209,637	-	4,209,637	-
Private equity funds	1,972,991	-	-	1,972,991
Unquoted equity securities	1,453,076	-	-	1,453,076
	9,369,104	1,733,400	4,209,637	3,426,067
Financial assets at FVOCI:				
Unquoted equity securities	66,428	-	-	66,428
Investment securities (at fair value)	9,435,532	1,733,400	4,209,637	3,492,495

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

18 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy (continued)

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:

2024	Financial assets at FVTPL KD	Financial assets at FVOCI KD	Total KD
As at 1 January 2024	3,426,067	66,428	3,492,495
Remeasurement recognised in profit or loss	(20,225)	-	(20,225)
Remeasurement recognised in OCI	-	35,819	35,819
Redemptions	(34,254)	-	(34,254)
As at 31 December 2024	3,371,588	102,247	3,473,835
2023			
As at 1 January 2023	3,405,769	98,547	3,504,316
Remeasurement recognised in profit or loss	(195,874)	-	(195,874)
Remeasurement recognised in OCI	-	(9,618)	(9,618)
Net purchases, sales	216,172	-	216,172
Redemptions	-	(22,501)	(22,501)
As at 31 December 2023	3,426,067	66,428	3,492,495

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December are as shown below:

Significant unobservable valuation inputs	Range	Sensitivity of the input to fair value
	10% - 30%	5% (2023: 5%) increase (decrease) in the discount would decrease (increase) the fair value by KD 92,685 (2023: KD 73,336).
Discount for lack of marketability (DLOM)	(2023: 20% - 30%)	

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments.

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial assets include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, cash and cash equivalents and other assets that derive directly from its operations. The Company's principal financial liabilities comprise of other liabilities which arise from the Company's operations in normal course of the business. The Company also holds investments in equity and debt instruments.

The Company is exposed to credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk, and equity price risk) and operational risk. The Company's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**19.1 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily promissory notes issued to associates) and from its financing activities including deposits with banks and financial institutions, and other financial instruments. The Company's credit policy and exposure to credit risk is monitored on an ongoing basis. The Company seeks to avoid undue concentrations of risks with individuals or group of customers in specific locations or business through diversification of operating activities.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed below:

	2024	2023
	KD	KD
Other receivables (included within other assets)	1,318,936	1,603,306
Promissory notes (included within other assets)	891,371	1,232,447
Cash and cash equivalents	1,045,823	4,177,933
	<u>3,256,130</u>	<u>7,013,686</u>

Cash and short-term deposits

Credit risk from balances with banks and financial institutions is limited because the counterparties are reputable financial institutions with appropriate credit-ratings assigned by international credit-rating agencies. Further, the principal amounts of deposits in local banks (including saving accounts and current accounts) are guaranteed by the Central Bank of Kuwait in accordance with Law No. 30 of 2008 Concerning Guarantee of Deposits at Local Banks in the State of Kuwait which came into effect on 3 November 2008.

Impairment on cash and short-term deposits has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and short-term deposits have low credit risk based on the external credit ratings of the counterparties.

Promissory notes and other receivables

The Company performs an impairment analysis on its promissory notes and other receivables at each reporting date based on general and simplified approach, respectively given in IFRS 9, to measure expected credit losses (ECLs). The Company regularly monitors the other receivables in order to determine whether these are subject to 12 months ECL or lifetime ECL.

This is based on Company's assessment whether there has been a significant increase in credit risk since initial recognition of these instruments. The Company estimates the elements of ECL (i.e. probability of default, loss given default and exposure at default) using appropriate credit risk assumptions with relevant forward-looking adjustments. The Company adjusts the profitability of default with relevant forward-looking adjustments relating to the forecast market conditions that could impact the extent of defaults by the counterparties.

As at 31 December 2024, the Company has a provision for expected credit losses of KD 250,469 (2023: KD 250,469) relating to other receivables.

19.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain adequate level of cash and cash equivalents and other highly marketable investments.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**19.2 Liquidity risk (continued)**

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	<i>Less than 3 months KD</i>	<i>3 to 12 months KD</i>	<i>>1 year KD</i>	<i>Total KD</i>
31 December 2024				
Other liabilities	24,012	565,090	-	589,102
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
31 December 2023				
Other liabilities	106,016	836,019	-	942,035
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at the reporting date, all financial liabilities of the Company shown in the statement of financial position are non-derivative and have a maturity of twelve months or less.

19.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk such as equity price risk. Financial instruments affected by market risk include equity securities.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short-term changes in fair value.

19.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the possibility that changes in interest rates will affect the value of the underlying financial instruments. The Company's exposure to the risk of changes in market interest rates is limited, as most of its interest-bearing assets and liabilities yield interest at commercial rates and reprice in the short term, no longer than twelve months.

19.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company incurs foreign currency risk on transactions denominated in a currency other than the KD. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign operations. The Company operates in the Kuwait, other Middle Eastern countries, Europe and the United States and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to Euro, US Dollar and Saudi Riyal.

To mitigate the Company's exposure to foreign currency risk, management works on maintaining a balanced exposure of assets and liabilities by currency to minimise fluctuations in accordance with the Company's risk management policies.

The Company currently does not use financial derivatives to manage its exposure to currency risk. The Company manages its foreign currency risk based on the limits determined by management and a continuous assessment of the Company's open positions, current and expected exchange rate movements. The Company ensures that its net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly against the KD.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**19.3 Market risk (continued)****19.3.2 Foreign currency risk (continued)**

The Company has no material exposure to foreign currency exchange on monetary financial liabilities. The following tables set out the Company's exposure to foreign currency exchange rates on monetary financial assets at the reporting date:

Currency	Liabilities		Assets	
	2024 KD	2023 KD	2024 KD	2023 KD
Euro	10,118	-	1,067,776	1,619,909
US Dollar (USD)	-	-	768,578	537,416
Saudi Riyal (SAR)	-	-	531,803	499,954

Further, the Company's exposure to foreign currency changes for all other currencies is not material to the financial statements.

Foreign exchange rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in Euro and USD exchange rates against the KD, with all other variables held constant. The impact on the Company's profit is due to changes in monetary assets and liabilities.

Currency	Change in exchange rate	Effect on profit or loss	
		2024 KD	2023 KD
Euro	+5%	52,883	80,995
US Dollar (USD)	+5%	38,429	26,871
Saudi Riyal (SAR)	+5%	26,590	24,998

There has been no change in the methods and the assumptions used in the preparation of the sensitivity analysis. An equivalent decrease in each of the aforementioned currencies against the KD would have resulted in an equivalent but opposite impact.

19.3.3 Equity price risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified as at FVOCI or FVTPL (Note 8). The Company's listed and non-listed equity investments are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis.

At the reporting date, the exposure to unquoted equity securities at fair value was KD 1,638,177 (2023: KD 1,519,504). Sensitivity analyses of these investments have been provided in Note 18.

At the reporting date, the exposure to quoted equity securities at fair value listed on the Boursa Kuwait represents quotes investments classified as fair value through profit or loss and other comprehensive income, and the units held in an unlisted open-ended fund which only invests in quoted securities. The exposure to these equity investments was KD 7,176,017 (2023: KD 5,943,037). The Company has determined that an increase/(decrease) of 10% on the Boursa Kuwait index could have an impact of approximately KD 717,601 (2023: KD 594,304) increase/(decrease) on the profit attributable to the Company.

19.4 Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit and practical application of technology.

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2024

19 FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

19.4 Operational risk (continued)

Further, the Company implements its contingency plans which include preventive safety measures, compliance with legal and regulatory guidelines and instructions, and maximise the use of technology and resources management to meet the day-to-day operational requirements that are required for continuity of the business.

20 CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to ensure that the Company complies with externally imposed capital requirements and that the Company maintains strong and healthy capital ratios in order to support its business and to maximize shareholders' value.

The Company actively manages its capital base in order to cover risks inherent in the business. The adequacy of the Company's capital is monitored using, among other measures, the rules and ratios established by the Capital Markets Authority in supervising the Company.

The Company's regulatory capital and capital adequacy ratios for the year ended 31 December 2024 and 31 December 2023 are calculated in accordance with provisions of Module seventeen (Capital Adequacy Regulations for Licensed Persons) of the Executive Bylaws of Law No. (7) of 2010 and their amendments thereto.

	2024	2023
Available (eligible) regulatory Capital (KD)	39,609,853	38,486,934
Required regulatory capital (KD)	24,659,383	26,797,475
Capital adequacy ratio (%)	161%	144%

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