

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

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

31 MARCH 2019

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Coast Investment & Development Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, “the Group”) as at 31 March 2019, and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with the basis of preparation set out in Note 2. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its Executive Regulations, as amended, or of the Parent Company’s Memorandum of Incorporation and Articles of Association, as amended, during the three-month period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF COAST INVESTMENT & DEVELOPMENT COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements (continued)

We further report that, during the course of our review, to the best of our knowledge and belief, we have not become aware of any material violations of the provisions of Law No 32 of 1968, as amended, concerning currency, the Central Bank of Kuwait and the organisation of banking business, and its related regulations and Law No.7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2019 that might have had a material effect on the business of the Parent Company or on its financial position.



BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN AL OSAIMI & PARTNERS

12 May 2019
Kuwait

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

For the three months ended 31 March 2019

	<i>Notes</i>	<i>Three months ended</i>	
		<i>31 March</i>	
		<i>2019</i>	<i>2018</i>
		<i>KD</i>	<i>KD</i>
INCOME			
Net investment income		645,903	728,543
Management fees		128,410	107,037
Share of results of associates	4	(584,671)	(898,100)
Net foreign exchange differences		(42,538)	90,223
		<u>147,104</u>	<u>27,703</u>
EXPENSES			
Staff cost		(229,035)	(227,851)
General and administrative expenses		(84,533)	(55,130)
Depreciation		(3,103)	(2,955)
		<u>(316,671)</u>	<u>(285,936)</u>
LOSS FOR THE PERIOD		<u>(169,567)</u>	<u>(258,233)</u>
BASIC AND DILUTED EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	3	<u>(0.29) fils</u>	<u>(0.44) fils</u>

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

Coast Investment & Development Company K.S.C.P. and its Subsidiaries
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
 INCOME (UNAUDITED)**
 For the three months ended 31 March 2019

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
Loss for the period	(169,567)	(258,233)
Other comprehensive income (loss)		
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>		
Share of other comprehensive income of associates	43,773	959,009
Exchange differences on translation of foreign operations	(308,679)	(26,742)
Net other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods	(264,906)	932,267
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Net gain on equity instruments designated at fair value through other comprehensive income	31,694	-
Share of other comprehensive (loss) income of associates	(305,507)	-
Net other comprehensive (loss) income that will not be reclassified to profit or loss in subsequent periods	(273,813)	-
Other comprehensive (loss) income	(538,719)	932,267
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(708,286)	674,034
Attributable to:		
Equity holders of the Parent Company	(707,881)	674,244
Non-controlling interest	(405)	(210)
	(708,286)	674,034

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

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


INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

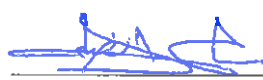
(UNAUDITED)

As at 31 March 2019

	Notes	31 March 2019 KD	(Audited) 31 December 2018 KD	(Restated)* 31 March 2018 KD
ASSETS				
Non-current assets				
Property, plant and equipment		1,085,771	1,088,617	1,081,164
Investment property		152,100	151,650	149,875
Investment in associates	4	36,617,123	37,769,857	38,287,127
Financial assets at fair value through profit or loss		11,982,727	11,405,699	10,671,457
Financial assets at fair value through other comprehensive income		1,162,333	1,130,639	1,098,581
Other assets		2,159,995	2,180,251	3,188,142
		<u>53,160,049</u>	<u>53,726,713</u>	<u>54,476,346</u>
Current assets				
Financial assets at fair value through profit or loss		-	31,142	30,949
Prepayments and other assets		328,289	578,333	304,020
Cash and cash equivalents		3,351,411	3,268,369	3,206,888
		<u>3,679,700</u>	<u>3,877,844</u>	<u>3,541,857</u>
TOTAL ASSETS		<u><u>56,839,749</u></u>	<u><u>57,604,557</u></u>	<u><u>58,018,203</u></u>
EQUITY AND LIABILITIES				
Equity				
Share capital		62,529,315	62,529,315	62,529,315
Statutory reserve		11,647,495	11,647,495	11,647,495
Voluntary reserve		1,991,146	1,991,146	1,991,146
Treasury shares	5	(4,775,819)	(4,775,819)	(4,775,819)
Treasury shares reserve		25,702	25,702	25,702
Other reserves		(234,425)	71,082	306,013
Foreign currency translation reserve		1,412,346	1,676,847	3,240,100
Fair value reserve		(1,822,922)	(1,854,616)	(1,886,674)
Accumulated losses		(15,479,975)	(15,310,408)	(17,004,100)
Equity attributable to equity holders of the Parent Company		<u>55,292,863</u>	<u>56,000,744</u>	<u>56,073,178</u>
Non-controlling interests		32,141	32,546	31,495
Total equity		<u><u>55,325,004</u></u>	<u><u>56,033,290</u></u>	<u><u>56,104,673</u></u>
Liabilities				
Non-current liabilities				
Employees' end of service benefits		254,664	238,455	276,084
		<u>254,664</u>	<u>238,455</u>	<u>276,084</u>
Current liabilities				
Other liabilities		1,260,081	1,332,812	1,637,446
		<u>1,260,081</u>	<u>1,332,812</u>	<u>1,637,446</u>
Total liabilities		<u><u>1,514,745</u></u>	<u><u>1,571,267</u></u>	<u><u>1,913,530</u></u>
TOTAL EQUITY AND LIABILITIES		<u><u>56,839,749</u></u>	<u><u>57,604,557</u></u>	<u><u>58,018,203</u></u>

* Certain amounts do not correspond to the interim condensed consolidated financial information for the period ended 31 March 2018; and reflect adjustments made as explained in Note 10.


Anwar Jassim Al-Kharafi
Chairman


Thamer Nabeel Al Nesef
Chief Executive Officer

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2019

Attributable to equity holders of the Parent Company

	Share Capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares reserve KD	Other reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Accumulated losses KD	Sub-total KD	Non-controlling interests KD	Total KD
At 1 January 2019	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	71,082	1,676,847	(1,854,616)	(15,310,408)	56,000,744	32,546	56,033,290
Loss for the period	-	-	-	-	-	-	-	-	(169,567)	(169,567)	-	(169,567)
Other comprehensive (loss) income for the period	-	-	-	-	-	(305,507)	(264,501)	31,694	-	(538,314)	(405)	(538,719)
Total comprehensive (loss) income for the period	-	-	-	-	-	(305,507)	(264,501)	31,694	(169,567)	(707,881)	(405)	(708,286)
As at 31 March 2019	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	(234,425)	1,412,346	(1,822,922)	(15,479,975)	55,292,863	32,141	55,325,004
At 1 January 2018	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	306,013	2,307,623	247,064	(16,677,931)	57,600,608	31,705	57,632,313
Transition adjustment on adoption of IFRS 9 at 1 January 2018	-	-	-	-	-	-	-	(2,133,738)	(67,936)	(2,201,674)	-	(2,201,674)
Balance as at 1 January 2018	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	306,013	2,307,623	(1,886,674)	(16,745,867)	55,398,934	31,705	55,430,639
Loss for the period	-	-	-	-	-	-	-	-	(258,233)	(258,233)	-	(258,233)
Other comprehensive income (loss) for the period	-	-	-	-	-	-	932,477	-	-	932,477	(210)	932,267
Total comprehensive income (loss) for the period	-	-	-	-	-	-	932,477	-	(258,233)	674,244	(210)	674,034
As at 31 March 2018 (restated)*	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	306,013	3,240,100	(1,886,674)	(17,004,100)	56,073,178	31,495	56,104,673

* Certain amounts do not correspond to the interim condensed consolidated financial information for the period ended 31 March 2018; and reflect adjustments made as explained in Note 10.

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

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

For the three months ended 31 March 2019

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>
OPERATING ACTIVITIES		
Loss for the period	(169,567)	(258,233)
<i>Adjustments to reconcile loss to net cash flows:</i>		
Share of results of associates	584,671	898,100
Unrealised gain on financial assets at fair value through profit or loss	(583,961)	(670,988)
Interest income	(36,044)	(32,042)
Depreciation	3,103	2,955
Employees' end of service benefits	16,209	17,289
	<u>(185,589)</u>	<u>(42,919)</u>
<i>Changes in operating assets and liabilities:</i>		
Financial assets at fair value through profit or loss	38,075	(25,513)
Prepayments and other assets	290,374	228,417
Other liabilities	17,269	23,380
	<u>160,129</u>	<u>183,365</u>
Cash flows from operations	160,129	183,365
Taxes paid	(90,000)	-
	<u>70,129</u>	<u>183,365</u>
Net cash flows from operating activities	<u>70,129</u>	<u>183,365</u>
INVESTING ACTIVITIES		
Additions to property and equipment	(258)	(2,801)
Proceeds from disposal/ redemption of financial assets at fair value through other comprehensive income	-	54,600
Purchase of financial assets at fair value through other comprehensive income	-	(1,459,903)
Interest income received	15,970	25,379
	<u>15,712</u>	<u>(1,382,725)</u>
Net cash flows from (used in) investing activities	<u>15,712</u>	<u>(1,382,725)</u>
Net foreign exchange differences	(2,799)	1,691
	<u>83,042</u>	<u>(1,197,669)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>83,042</u>	<u>(1,197,669)</u>
Cash and cash equivalents at 1 January	3,268,369	4,404,557
	<u>3,351,411</u>	<u>3,206,888</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH	<u>3,351,411</u>	<u>3,206,888</u>

The attached notes 1 to 10 form part of the interim condensed consolidated financial information.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of the Coast Investment & Development Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 12 May 2019.

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

The Parent Company's registered office is located at Al Shuhada Street, Sharq and its registered postal address is P.O. Box 26755, Safat 13128, State of Kuwait.

The Annual General Assembly Meeting ('AGM') of the Parent Company for the year ended 31 December 2018 has not yet been held. The shareholders have the power to amend the consolidated financial statements for the year ended 31 December 2018 at the AGM of the Parent Company; and consequently, may have an impact on the current period's interim condensed consolidated financial information.

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

2.1 BASIS OF PREPARATION

The interim condensed financial information for the three month period ended 31 March 2019 has been prepared in accordance with IAS 34 *Interim Financial Reporting* except, as noted below:

The annual financial statements for the year ended 31 December 2018 were prepared in accordance with the regulations for financial services institutions as issued by the Central Bank of Kuwait ("CBK") in the State of Kuwait. These regulations require expected credit loss ("ECL") to be measured at the higher of the ECL on financing facilities computed under IFRS 9 according to the CBK guidelines or the provisions as required by CBK instructions; the consequent impact on related disclosures; and the adoption of all other requirements of International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board ("IASB") (collectively referred to as IFRS, as adopted for use by the State of Kuwait).

The interim condensed consolidated financial information provides comparative information in respect of the previous period. Certain reclassifications have been made to conform to the prior period's financial information and notes thereto to current period's presentation. In addition, the Group restated comparative information due to a retrospective restatement (See Note 10)

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2018.

2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the interim condensed financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 *Leases* using the modified retrospective method of adoption with the date of initial application of 1 January 2019. As required by IAS 34, the nature and effect of these changes are disclosed below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed financial information of the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

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

**2.2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP
(continued)**

IFRS 16 'Leases'

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged under IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

Under the modified retrospective method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

a) Nature of the effect of adoption of IFRS 16

Before the adoption of IFRS 16, the Group classified its leases (as lessee) at the inception date as operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under other assets and other liabilities, respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16, which have been applied from the date of initial application:

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below KD 1,500). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

3 BASIC AND DILUTED EARNINGS PER SHARE (EPS)

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

	<i>Three months ended</i>	
	<i>31 March</i>	
	<i>2019</i>	<i>2018</i>
Loss for the period (KD)	<u>(169,567)</u>	<u>(258,233)</u>
Weighted average number of shares outstanding during the period (shares)	<u>584,473,066</u>	<u>584,473,066</u>
Basic and diluted EPS (fils)	<u>(0.29) fils</u>	<u>(0.44) fils</u>

There have been no transactions involving ordinary shares between the reporting date and the date of authorisation of this interim condensed consolidated financial information which would require the restatement of EPS.

4 INVESTMENT IN ASSOCIATES

Details of associates are set out below:

Name	Domicile	Equity interest %			Principal activities	Carrying value		
		31 March 2019	31 December 2018			31 March 2019	31 December 2018	
			(Audited)	2018			2018	2019
					KD			
Rico GmbH Kuwaiti German Holding Company K.S.C. (Closed) ("KGH")	Germany	23.73	23.73	23.73	Manufacturing	2,435,482	2,507,555	2,655,944
Weinig International A.G. ("Weinig")	Kuwait	23.41	23.41	23.41	Investing activities	16,657,893	17,186,692	17,826,423
	Germany	12.37	12.37	12.37	Manufacturing	17,523,748	18,075,610	17,804,760
		<u>36,617,123</u>	<u>37,769,857</u>	<u>38,287,127</u>				

KGH has a direct ownership of 52% in Weinig.

	<i>31 March 2019</i>	<i>(Audited) 31 December 2018</i>	<i>31 March 2018</i>
		KD	
Opening balance	37,769,857	38,253,650	38,253,650
Share of results	(584,671)	1,387,077	(898,100)
Share of other comprehensive income	(261,734)	(157,519)	959,009
Capital redemption	-	(1,005,878)	-
Foreign exchange adjustments	(306,329)	(707,473)	(27,432)
Group's carrying amount of investment in associates	<u>36,617,123</u>	<u>37,769,857</u>	<u>38,287,127</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

5 TREASURY SHARES

	<i>31 March</i> <i>2019</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i>	<i>31 March</i> <i>2018</i>
Number of treasury shares	40,820,086	40,820,086	40,820,086
Percentage of total outstanding shares (%)	6.53%	6.53%	6.53%
Market value (KD)	1,432,785	1,338,898	1,183,782
Cost (KD)	4,775,819	4,775,819	4,775,819
Weighted average market value per share (fils)	36	31	31

Reserves equivalent to the cost of purchase of the treasury shares held are not available for distribution during the holding period of such shares as per CMA guidelines.

6 RELATED PARTY DISCLOSURES

Related parties represent major shareholders, subsidiaries, associates, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Parent Company's management.

	<i>Associates</i> <i>KD</i>	<i>Others</i> <i>KD</i>	<i>31 March</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>31 March</i> <i>2018</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Promissory note (included within other assets)	1,756,357	-	1,756,357	1,777,807	2,790,410

Promissory note are to be settled in cash and bears an average interest rate of 1.19% (31 December 2018: 1.18%, 31 March 2018: 1.17%) per annum and is receivable after one year from the reporting date. The balance is not secured.

	<i>Three months ended</i> <i>31 March</i>	
	<i>2019</i> <i>KD</i>	<i>2018</i> <i>KD</i>
<i>Interim condensed consolidated statement of profit or loss:</i>		
Management fees	118,374	96,464
Interest income (included within net investment income)	5,173	8,069

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 Group and its employees.

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

	<i>Three months ended</i> <i>31 March</i>	
	<i>2019</i> <i>KD</i>	<i>2018</i> <i>KD</i>
<i>Key management personnel compensation:</i>		
Salaries and other short term benefits	63,774	51,592
Terminal benefits	4,550	4,240
	<u>68,324</u>	<u>55,832</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2019

7 SEGMENT INFORMATION

The Group's operating segments are determined based on the reports reviewed by the decision makers that are used for strategic decisions. These segments are strategic business units that offer different products and services. They are managed separately since the nature of the products and services, class of customers and marketing strategies of these segments are different.

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

	<i>Three months ended</i>		
	<i>31 March</i>		
	<i>2019</i>	<i>2018</i>	
	<i>KD</i>	<i>KD</i>	
Total revenue			
Kuwait and GCC	353,146	8,975	
Europe	(211,599)	74,957	
United States of America (USA)	5,557	(56,229)	
	<u>147,104</u>	<u>27,703</u>	
		<i>(Audited)</i>	<i>(Restated*)</i>
	<i>31 March</i>	<i>31 December</i>	<i>31 March</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>
Non-current assets			
Kuwait and GCC	27,629,624	27,487,964	26,805,686
Europe	25,000,953	25,709,247	27,389,108
United States of America (USA)	529,472	529,502	281,552
	<u>53,160,049</u>	<u>53,726,713</u>	<u>54,476,346</u>

8 CAPITAL COMMITMENTS

At the reporting date, the Group had capital commitments of KD 294,996 thousand (31 December 2018: KD 299,481 thousand and 31 March 2018: KD 435,186 thousand) related to the Group's financial assets at fair value through profit or loss.

9 FAIR VALUE MEASUREMENT

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Management assessed that the fair values of cash and cash equivalents, term deposits, accounts receivable and other assets and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The following methods and assumptions were used to estimate the fair values of financial instruments for which fair value is recognised or disclosed:

- ▶ The fair values of quoted equity securities are derived from quoted market prices in active markets.
- ▶ The fair values of investee funds are based on net asset value (NAV) reported by the fund managers of such funds
- ▶ The fair value of unquoted equity securities categorised within Level 3 are normally based adjusted NAV with a marketability discount of 10%-20% and on price-to-book value technique with a marketability discount of 30%.

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9 FAIR VALUE MEASUREMENT (continued)

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- ▶ Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

9.1 Financial instruments

The following table provides the fair value measurement hierarchy of the Group's financial assets as at 31 March 2019, 31 December 2018 and 31 March 2018:

	Fair value measurement using			
	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>31 March 2019</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets at FVTPL:				
Mutual fund	6,983,413	-	6,983,413	-
Private equity funds	3,662,737	-	-	3,662,737
Unquoted equity securities	1,336,577	-	-	1,336,577
Quoted equity securities	-	-	-	-
	<u>11,982,727</u>	<u>-</u>	<u>6,983,413</u>	<u>4,999,314</u>
Financial assets at FVOCI:				
Unquoted equity securities	1,162,333	-	-	1,162,333
Investment securities (at fair value)	<u>13,145,060</u>	<u>-</u>	<u>6,983,413</u>	<u>6,161,647</u>

	Fair value measurement using			
	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>31 December 2018</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets at FVTPL:				
Mutual fund	6,342,995	-	6,342,995	-
Private equity funds	3,726,127	-	-	3,726,127
Unquoted equity securities	1,336,577	-	-	1,336,577
Quoted equity securities	31,142	31,142	-	-
	<u>11,436,841</u>	<u>31,142</u>	<u>6,342,995</u>	<u>5,062,704</u>
Financial assets at FVOCI:				
Unquoted equity securities	1,130,639	-	-	1,130,639
Investment securities (at fair value)	<u>12,567,480</u>	<u>31,142</u>	<u>6,342,995</u>	<u>6,193,343</u>

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9 FAIR VALUE MEASUREMENT (continued)

9.1 Financial instruments (continued)

Fair value hierarchy (continued)

	Fair value measurement using			
	Total KD	Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD
<i>31 March 2018 (Restated)</i>				
Financial assets at FVTPL:				
Mutual fund	5,065,209	-	5,065,209	-
Private equity funds	4,269,671	-	-	4,269,671
Unquoted equity securities	1,335,000	-	-	1,335,000
Quoted equity securities	32,526	30,949	1,577	-
	<u>10,702,406</u>	<u>30,949</u>	<u>5,066,786</u>	<u>5,604,671</u>
Financial assets at FVOCI:				
Unquoted equity securities	1,098,581	-	-	1,098,581
Investment securities (at fair value)	<u>11,800,987</u>	<u>30,949</u>	<u>5,066,786</u>	<u>6,703,252</u>

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the period.

9.2 Non-financial assets

The following table provides the fair value measurement hierarchy of the Group's non-financial asset:

	Fair value measurement using			
	Total KD	Quoted prices in active markets (Level 1) KD	Significant observable inputs (Level 2) KD	Significant unobservable inputs (Level 3) KD
<i>31 March 2019</i>				
Investment property	<u>152,100</u>	<u>-</u>	<u>-</u>	<u>152,100</u>
<i>31 December 2018</i>				
Investment property	<u>151,650</u>	<u>-</u>	<u>-</u>	<u>151,650</u>
<i>31 March 2018</i>				
Investment property	<u>149,875</u>	<u>-</u>	<u>-</u>	<u>149,875</u>

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

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9 FAIR VALUE MEASUREMENT (continued)

9.1 Financial instruments (continued)

Reconciliation of recurring fair value measurements of unquoted investments categorised within level 3 of the fair value hierarchy:

<i>2019</i>	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVTPL KD</i>	<i>Total KD</i>
As at 1 January 2019	1,130,639	5,062,704	6,193,343
Re-measurement recognised in OCI	31,694	-	31,694
Re-measurement recognised in profit or loss	-	(56,352)	(56,352)
Purchases / sales (net)	-	(7,038)	(7,038)
As at 31 March 2019	1,162,333	4,999,314	6,161,647
	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVTPL KD</i>	<i>Total KD</i>
<i>2018</i>			
As at 1 January 2018	1,098,581	4,765,157	5,863,738
Re-measurement recognised in OCI	32,058	-	32,058
Re-measurement recognised in profit or loss	-	(72,738)	(72,738)
Purchases / sales (net)	-	370,285	370,285
As at 31 December 2018	1,130,639	5,062,704	6,193,343
	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVTPL KD</i>	<i>Total KD</i>
<i>2018</i>			
As at 1 January 2018	1,098,581	4,765,157	5,863,738
Re-measurement recognised in profit or loss	-	434,211	434,211
Purchases / sales (net)	-	405,303	405,303
As at 31 March 2018 (Restated)	1,098,581	5,604,671	6,703,252

Description of significant unobservable inputs to valuation of unquoted investments:

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 the reporting date are as shown below:

Significant unobservable valuation inputs	Range	Sensitivity of the input to fair value
Discount for lack of marketability (DLOM)	20% - 30%	Increase (decrease) in DLOM would decrease (increase) the fair value.

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

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10 COMPARATIVE INFORMATION

During the prior interim period ended 31 March 2018, the Group did not adopt the new measurement requirements of IFRS 9 – *Financial Instruments* as of 1 January 2018 (initial application date) and 31 March 2018 relating to certain equity securities classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

The correction of the above errors has been accounted for retrospectively in accordance with International Accounting Standard 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*". Accordingly, the respective comparative amounts for the interim period ended 31 March 2018 have been restated to reflect the transitional provisions of IFRS 9.

The following adjustments have been made to the comparative financial information:

<i>Interim condensed consolidated statement of financial position</i>	<i>As previously reported</i> KD	<i>Effect of restatement</i> KD	<i>After restatement</i> KD
<i>As at 31 March 2018</i>			
<i>Non-current assets</i>			
Financial assets at fair value through profit or loss	10,986,457	(315,000)	10,671,457
Financial assets at fair value through other comprehensive income	2,985,255	(1,886,674)	1,098,581
<i>Equity</i>			
Fair value reserve	-	(1,886,674)	(1,886,674)
Accumulated losses	(16,689,100)	(315,000)	(17,004,100)

The above retrospective application did not have a material effect on the Group's comparable previously reported statements of profit or loss and comprehensive income for the three months ended 31 March 2018.

For details on the transition adjustment on adoption of IFRS 9, please refer to the disclosures in the consolidated financial statements for the year ended 31 December 2018.