

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

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

**30 SEPTEMBER 2019**

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

### **Report on the Interim Condensed Consolidated Financial Information**

#### *Introduction*

We have reviewed the accompanying interim condensed consolidated statement of financial position of Coast Investment & Development Company K.S.C.P. (the “Parent Company”) and its subsidiaries (collectively, “the Group”) as at 30 September 2019, and the related interim condensed consolidated statements of profit or loss and comprehensive income for the three-month and nine-month periods then ended, and the related interim condensed consolidated changes in equity and cash flows for the nine-month period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with 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.

#### *Emphasis of matter*

We draw attention to Note 4 of the interim condensed consolidated financial information, which states that the Group has lost its representation in the board of directors of certain equity accounted investees during the current period. The ultimate outcome of the matter cannot be presently determined and accordingly the Group continues to apply the equity method in accounting for these investments. Our conclusion is not modified in respect of this matter.

**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**

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 1 of 2016, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, during the nine-month period ended 30 September 2019 that might have had a material effect on the business of the Parent Company or on its financial position.

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 nine-month period ended 30 September 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

10 November 2019  
Kuwait

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
(UNAUDITED)

For the nine months ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 KD	2018 KD	2019 KD	2018 KD
<b>INCOME</b>					
Net investment (loss) income		(368,712)	351,100	569,124	1,261,259
Management fees		138,339	87,923	400,121	276,088
Share of results of associates	4	(15,530)	524,766	(1,096,703)	(244,857)
Net foreign exchange differences		(96,262)	24,653	(123,436)	(66,875)
		<u>(342,165)</u>	<u>988,442</u>	<u>(250,894)</u>	<u>1,225,615</u>
<b>EXPENSES</b>					
Staff costs		(204,047)	(225,186)	(651,300)	(703,831)
General and administrative expenses		(60,588)	(54,252)	(200,680)	(185,477)
Depreciation expense		(4,334)	(2,666)	(11,100)	(7,919)
		<u>(268,969)</u>	<u>(282,104)</u>	<u>(863,080)</u>	<u>(897,227)</u>
<b>(LOSS) PROFIT BEFORE TAX</b>		<b>(611,134)</b>	<b>706,338</b>	<b>(1,113,974)</b>	<b>328,388</b>
National Labour Support Tax ("NLST")		-	(9,901)	-	(9,901)
Zakat		-	(2,826)	-	(2,826)
		<u>(611,134)</u>	<u>693,611</u>	<u>(1,113,974)</u>	<u>315,661</u>
<b>(LOSS) PROFIT FOR THE PERIOD</b>		<b>(611,134)</b>	<b>693,611</b>	<b>(1,113,974)</b>	<b>315,661</b>
<b>BASIC AND DILUTED EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>					
	3	<u>(1.05) fils</u>	<u>1.19 fils</u>	<u>(1.91) fils</u>	<u>0.54 fils</u>

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the nine months ended 30 September 2019

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>(Restated)*</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>(Loss) profit for the period</b>	<b>(611,134)</b>	<b>693,611</b>	<b>(1,113,974)</b>	<b>315,661</b>
<b>Other comprehensive income (loss)</b>				
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>				
Share of other comprehensive income of associates	(377,411)	830,778	(141,837)	173,048
Exchange differences on translation of foreign operations	(695,590)	(375,544)	(818,192)	(410,962)
<b>Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods</b>	<b>(1,073,001)</b>	<b>455,234</b>	<b>(960,029)</b>	<b>(237,914)</b>
<i>Other comprehensive income (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	(23,386)	-	(283,557)	(37,398)
Share of other comprehensive loss of associates	(214,921)	(180,767)	(841,614)	(180,767)
<b>Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods</b>	<b>(238,307)</b>	<b>(180,767)</b>	<b>(1,125,171)</b>	<b>(218,165)</b>
<b>Other comprehensive (loss) income</b>	<b>(1,311,308)</b>	<b>274,467</b>	<b>(2,085,200)</b>	<b>(456,079)</b>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>(1,922,442)</b>	<b>968,078</b>	<b>(3,199,174)</b>	<b>(140,418)</b>
<b>Attributable to:</b>				
Equity holders of the Parent Company	(1,922,762)	967,391	(3,199,078)	(141,062)
Non-controlling interests	320	687	(96)	644
	<b>(1,922,442)</b>	<b>968,078</b>	<b>(3,199,174)</b>	<b>(140,418)</b>

\* Certain amounts do not correspond to the interim condensed consolidated financial information for the period ended 30 September 2018; and reflect adjustments made as explained in Note 10.

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(UNAUDITED)

As at 30 September 2019

		(Audited)	(Restated)*
	30 September	31 December	30 September
	2019	2018	2018
	KD	KD	KD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,092,287	1,088,617	1,084,055
Investment property	152,025	151,650	151,550
Investment in associates	4 34,364,516	37,769,857	36,715,094
Financial assets at fair value through profit or loss	10,714,773	11,405,699	10,683,274
Financial assets at fair value through other comprehensive income	847,081	1,130,639	1,061,183
Other assets	2,000,008	2,180,251	2,201,139
	<u>49,170,690</u>	<u>53,726,713</u>	<u>51,896,295</u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss	-	31,142	28,486
Prepayments and other assets	365,355	578,333	327,444
Cash and cash equivalents	4,595,777	3,268,369	4,788,759
	<u>4,961,132</u>	<u>3,877,844</u>	<u>5,144,689</u>
<b>TOTAL ASSETS</b>	<u><u>54,131,822</u></u>	<u><u>57,604,557</u></u>	<u><u>57,040,984</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
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	(770,532)	71,082	125,246
Foreign currency translation reserve	716,914	1,676,847	2,069,065
Fair value reserve	(2,138,173)	(1,854,616)	(1,924,072)
Accumulated losses	(16,424,382)	(15,310,408)	(16,430,206)
<b>Equity attributable to equity holders of the Parent Company</b>	<u>52,801,666</u>	<u>56,000,744</u>	<u>55,257,872</u>
Non-controlling interests	32,450	32,546	32,349
<b>Total equity</b>	<u><u>52,834,116</u></u>	<u><u>56,033,290</u></u>	<u><u>55,290,221</u></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Employees' end of service benefits	279,031	238,455	328,842
	<u>279,031</u>	<u>238,455</u>	<u>328,842</u>
<b>Current liabilities</b>			
Other liabilities	1,018,675	1,332,812	1,421,921
	<u>1,108,675</u>	<u>1,332,812</u>	<u>1,421,921</u>
<b>Total liabilities</b>	<u><u>1,297,706</u></u>	<u><u>1,571,267</u></u>	<u><u>1,750,763</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>54,131,822</u></u>	<u><u>57,604,557</u></u>	<u><u>57,040,984</u></u>

\* Certain amounts do not correspond to the interim condensed consolidated financial information for the period ended 30 September 2018; and reflect adjustments made as explained in Note 10.

  
Osama A. KH. Al Ayoub  
Chairman

  
Thamer Nabeel Al Nesef  
Chief Executive Officer

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

**Coast Investment & Development Company K.S.C.P. and its Subsidiaries,**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
For the nine months ended 30 September 2019

	<i>Attributable to equity holders of the Parent Company</i>										Non-controlling interests KD	Total KD	
	Share Capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Treasury shares KD	Other reserve KD	Foreign currency translation reserve KD	Fair value reserve KD	Accumulated losses KD	Sub-total KD			
As 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	-	-	-	-	-	-	-	-	-	(1,113,974)	(1,113,974)	-	(1,113,974)
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(841,614)	(959,933)	(283,557)	-	(2,085,104)	(96)	(2,085,200)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(841,614)	(959,933)	(283,557)	(1,113,974)	(3,199,078)	(96)	(3,199,174)
<b>At 30 September 2019</b>	<b>62,529,315</b>	<b>11,647,495</b>	<b>1,991,146</b>	<b>(4,775,819)</b>	<b>25,702</b>	<b>(770,532)</b>	<b>716,914</b>	<b>(2,138,173)</b>	<b>(16,424,382)</b>	<b>52,801,666</b>	<b>32,450</b>	<b>52,834,116</b>	
As at 1 January 2018 before the as previously reported	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 initial application of IFRS 9 at 1 January 2018	-	-	-	-	-	-	-	-	(2,133,738)	(67,936)	-	-	(2,201,674)
Adjusted 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	
Profit for the period	-	-	-	-	-	-	-	-	-	315,661	-	-	315,661
Other comprehensive (loss) income for the period	-	-	-	-	-	-	(180,767)	(238,558)	(37,398)	-	644	-	(456,079)
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(180,767)	(238,558)	(37,398)	315,661	644	-	(140,418)
At 30 September 2018	62,529,315	11,647,495	1,991,146	(4,775,819)	25,702	125,246	2,069,065	(1,924,072)	(16,430,206)	55,257,872	32,349	55,290,221	

\* Certain amounts do not correspond to the interim condensed consolidated financial information for the period ended 30 June 2018; and reflect adjustments made as explained in Note 10.

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

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

For the nine months ended 30 September 2019

	<i>Nine months ended</i> <b>30 September</b>	
	<b>2019</b> <b>KD</b>	<b>2018</b> <b>KD</b>
<b>OPERATING ACTIVITIES</b>		
(Loss) profit for the period before tax	<b>(1,113,974)</b>	328,388
<i>Adjustments to reconcile loss to net cash flows:</i>		
Share of results of associates	<b>1,096,703</b>	244,857
Unrealised gain on financial assets at fair value through profit or loss	<b>(590,834)</b>	(514,671)
Dividend income	-	(116,538)
Interest income	<b>(111,811)</b>	(78,519)
Depreciation expense	<b>11,100</b>	7,919
Employees' end of service benefits	<b>47,331</b>	70,047
	<b>(661,485)</b>	(58,517)
<i>Changes in operating assets and liabilities:</i>		
Financial assets at fair value through profit or loss	<b>1,339,568</b>	(1,569,862)
Prepayments and other assets	<b>419,606</b>	1,158,708
Other liabilities	<b>58,159</b>	(204,872)
Cash flows from (used in) operations	<b>1,155,848</b>	(674,543)
Employees' end of service benefits paid	<b>(6,755)</b>	-
Taxes paid	<b>(372,296)</b>	-
<b>Net cash flows from (used in) operating activities</b>	<b>776,797</b>	(674,543)
<b>INVESTING ACTIVITIES</b>		
Additions to property and equipment	<b>(14,771)</b>	(10,655)
Purchase of financial assets at fair value through profit or loss	<b>(26,666)</b>	-
Proceeds on capital redemption from an associate	<b>507,444</b>	875,010
Dividend income received	-	116,538
Interest income received	<b>85,426</b>	78,519
<b>Net cash flows from investing activities</b>	<b>551,433</b>	1,059,412
Net foreign exchange differences	<b>(822)</b>	(667)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,327,408</b>	384,202
Cash and cash equivalents at 1 January	<b>3,268,369</b>	4,404,557
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>4,595,777</b>	4,788,759

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



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 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 nine months ended 30 September 2019 were authorised for issue in accordance with a resolution of the Board of Directors on 10 November 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 shareholders of the Parent Company at the annual general assembly meeting (AGM) held on 22 May 2019 approved the consolidated financial statements of the Group for the year ended 31 December 2018 and resolved not to distribute any dividends.

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

#### 2.1 BASIS OF PREPARATION

The interim condensed financial information for the nine month period ended 30 September 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 and methods of computation used 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 30 September 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 30 September 2019

**3 (LOSS) 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 (loss) 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 EPS are identical.

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
(Loss) profit for the period attributable to equity holders of the Parent Company (KD)	<b>(611,134)</b>	693,611	<b>(1,113,974)</b>	315,661
Weighted average number of shares outstanding during the period (shares)	<b>584,473,066</b>	584,473,066	<b>584,473,066</b>	584,473,066
<b>Basic and diluted EPS (fils)</b>	<b>(1.05) fils</b>	1.19 fils	<b>(1.91) fils</b>	0.54 fils

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		
		30 September 2019	31 December 2018 (Audited)	30 September 2018		30 September 2019 KD	31 December 2018 (Audited) KD	30 September 2018 KD
Rico GmbH Kuwaiti German Holding Company K.S.C. (Closed) ("KGH")*	Germany	23.73	23.73	23.73	Manufacturing	<b>2,465,721</b>	2,507,555	2,629,141
Weinig International A.G. ("Weinig")*	Kuwait	23.41	23.41	23.41	Investing activities	<b>15,858,769</b>	17,186,692	16,633,170
	Germany	12.37	12.37	12.37	Manufacturing	<b>16,040,026</b>	18,075,610	17,452,783
						<b>34,364,516</b>	37,769,857	36,715,094

\* During the current period, the Group lost its representation in the board of directors in these equity accounted investees. The management is still in the process of evaluating all facts and circumstances that affect the potential rights contributing to significant influence over the investees, however believes that the Group still has the right to exert significant influence through other means, and accordingly continues to apply the equity method in accounting for these investments.

KGH has a direct ownership of 52% in Weinig.

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

4 INVESTMENT IN ASSOCIATES (continued)

	<i>30 September</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>30 September</i> <i>2018</i> <i>KD</i>
Opening balance	37,769,857	38,253,650	38,253,650
Share of results	(1,096,703)	1,387,077	(244,857)
Share of other comprehensive income	(983,451)	(157,519)	(7,719)
Capital redemption	(507,444)	(1,005,878)	(875,010)
Foreign exchange adjustments	(817,743)	(707,473)	(410,970)
Group's share in equity	<u>34,364,516</u>	<u>37,769,857</u>	<u>36,715,094</u>

5 TREASURY SHARES

	<i>30 September</i> <i>2019</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i>	<i>30 September</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)	1,289,915	1,338,898	1,183,782
Cost (KD)	4,775,419	4,775,819	4,775,819
Weighted average market value per share (fils)	32	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>30</i> <i>September</i> <i>2019</i> <i>KD</i>	<i>(Audited)</i> <i>31 December</i> <i>2018</i> <i>KD</i>	<i>30 September</i> <i>2018</i> <i>KD</i>
<i>Interim condensed consolidated statement of financial position:</i>					
Promissory note (included within other assets)	1,596,569	-	1,596,569	1,777,807	1,798,962

Promissory note is unsecured, to be settled in cash and bears an average interest rate of 1.18% (31 December 2018: 1.18%, 30 September 2018: 1.17%) per annum and is receivable after one year from the reporting date.

	<i>Three months ended</i> <i>30 September</i>		<i>Nine months ended</i> <i>30 September</i>	
	<i>2019</i> <i>KD</i>	<i>2018</i> <i>KD</i>	<i>2019</i> <i>KD</i>	<i>2018</i> <i>KD</i>
<i>Included in the interim condensed consolidated statement of profit or loss:</i>				
Management fees (income)	127,055	76,297	367,939	243,073
Interest income (included in net investment income)	4,430	5,370	14,755	20,561

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

6 RELATED PARTY DISCLOSURES (continued)

**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>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<i>Key management personnel compensation</i>				
Salaries and other short-term benefits	63,773	65,230	191,321	182,051
Terminal benefits	4,550	6,109	13,650	15,739
	<u>68,323</u>	<u>71,339</u>	<u>204,971</u>	<u>197,790</u>

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:

	<b>Nine months ended 30 September 2019</b>			
	<b>Kuwait and GCC KD</b>	<b>Europe KD</b>	<b>United States of America (USA) KD</b>	<b>Total KD</b>
Total revenue	<u>(91,387)</u>	<u>(183,492)</u>	<u>23,985</u>	<u>(250,894)</u>
(Loss) profit for the period	<u>(953,109)</u>	<u>(183,492)</u>	<u>22,627</u>	<u>(1,113,974)</u>
Total assets	<u>30,222,179</u>	<u>23,343,370</u>	<u>566,273</u>	<u>54,131,822</u>
Total liabilities	<u>1,292,831</u>	<u>1,323</u>	<u>3,552</u>	<u>1,297,706</u>
Depreciation	<u>(11,100)</u>	<u>-</u>	<u>-</u>	<u>(11,100)</u>
Share of results of associates	<u>(818,955)</u>	<u>(277,748)</u>	<u>-</u>	<u>(1,096,703)</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

7 SEGMENT INFORMATION (continued)

	Nine months ended 30 September 2018			
	Kuwait and GCC KD	Europe KD	United States of America (USA) KD	Total KD
Total revenue	351,617	713,522	160,476	1,225,615
Profit (loss) for the period	(556,183)	713,522	158,322	315,661
Total assets	30,946,144	25,543,577	551,263	57,040,984
Total liabilities	1,745,872	1,400	3,491	1,750,763
Depreciation	(7,919)	-	-	(7,919)
Share of results of associates	(418,203)	173,346	-	(244,857)

8 CAPITAL COMMITMENTS

At the reporting date, the Group had capital commitments of KD 237,324 (31 December 2018: KD 299,481 and 30 September 2018: KD 414,419) related to the Group's financial assets at fair value through profit or loss.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

### 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%.

#### *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 30 September 2019, 31 December 2018 and 30 September 2018:

	<b>Fair value measurement using</b>			
	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>30 September 2019</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
<b>Financial assets at FVTPL:</b>				
Mutual fund	7,117,453	-	7,117,453	-
Private equity funds	3,589,075	-	-	3,589,075
Unquoted equity securities	8,245	-	-	8,245
	<u>10,714,773</u>	<u>-</u>	<u>7,117,453</u>	<u>3,597,320</u>
<b>Financial assets at FVOCI:</b>				
Unquoted equity securities	847,081	-	-	847,081
<b>Investment securities (at fair value)</b>	<u>11,561,854</u>	<u>-</u>	<u>7,117,453</u>	<u>4,444,401</u>

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

9 FAIR VALUE MEASUREMENT (continued)

9.1 Financial instruments (continued)

*Fair value hierarchy (continued)*

	Fair value measurement using			
	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>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>

	Fair value measurement using			
	<i>Total</i>	<i>Quoted prices in active markets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
<i>30 September 2018 (restated)</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
Financial assets at FVTPL:				
Mutual fund	5,312,484	-	5,312,484	-
Private equity funds	4,034,213	-	-	4,034,213
Unquoted equity securities	1,336,577	-	-	1,336,577
Quoted equity securities	28,486	28,486	-	-
	<u>10,711,760</u>	<u>28,486</u>	<u>5,312,484</u>	<u>5,370,790</u>
Financial assets at FVOCI:				
Unquoted equity securities	1,061,183	-	-	1,061,183
Investment securities (at fair value)	<u>11,772,943</u>	<u>28,486</u>	<u>5,312,484</u>	<u>6,431,973</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.



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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

9 FAIR VALUE MEASUREMENT (continued)

9.2 Non-financial assets

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

	<i>Total KD</i>	<i>Fair value measurement using</i>		
		<i>Quoted prices in active markets (Level 1) KD</i>	<i>Significant observable inputs (Level 2) KD</i>	<i>Significant unobservable inputs (Level 3) KD</i>
<i>30 September 2019</i>				
Investment property	152,025	-	-	152,025
<i>31 December 2018</i>				
Investment property	151,650	-	-	151,650
<i>30 September 2018</i>				
Investment property	151,550	-	-	151,550

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

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

	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVTPL KD</i>	<i>Total KD</i>
<i>30 September 2019</i>			
As at 1 January 2019	1,130,639	5,062,704	6,193,343
Re-measurement recognised in OCI	(283,558)	-	(283,558)
Re-measurement recognised in profit or loss	-	(435,012)	(435,012)
Purchases / sales (net)	-	(1,030,372)	(1,030,372)
<b>As at 30 September 2019</b>	<b>847,081</b>	<b>3,597,320</b>	<b>4,444,401</b>
<i>31 December 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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 30 September 2019

9 FAIR VALUE MEASUREMENT (continued)

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

<i>30 September 2018</i>	<i>Financial assets at FVOCI KD</i>	<i>Financial assets at FVTPL KD</i>	<i>Total KD</i>
As at 1 January 2018	1,098,581	4,765,157	5,863,738
Re-measurement recognised in OCI	(37,398)	-	(37,398)
Re-measurement recognised in profit or loss	-	32,907	32,907
Purchases / sales (net)	-	572,726	572,726
As at 30 September 2018 ( <i>Restated</i> )	<u>1,061,183</u>	<u>5,370,790</u>	<u>6,431,973</u>

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.

10 COMPARATIVE INFORMATION

During the prior interim period ended 30 September 2018, the Group did not adopt the new measurement requirements of IFRS 9 – *Financial Instruments* as of 1 January 2018 (initial application date) and 30 September 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 30 September 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 KD</i>	<i>Effect of restatement KD</i>	<i>After restatement KD</i>
<i>As at 30 September 2018</i>			
<i>Non-current assets</i>			
Financial assets at fair value through profit or loss	10,998,274	(315,000)	10,683,274
Financial assets at fair value through other comprehensive income	2,985,255	(1,924,072)	1,061,183
<i>Equity</i>			
Fair value reserve	-	(1,924,072)	(1,924,072)
Accumulated losses	(16,115,206)	(315,000)	(16,430,206)

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 nine months ended 30 September 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.