

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

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

30 JUNE 2017



Building a better
working world

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Coast Investment & Development Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively "the Group") as at 30 June 2017, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three months and six months periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended. The management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Financial Reporting Standard, IAS 34: Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE
INCOME (UNAUDITED)

For the period ended 30 June 2017

	<i>Three months ended</i> <i>30 June</i>		<i>Six months ended</i> <i>30 June</i>	
	<i>2017</i> <i>KD '000</i>	<i>2016</i> <i>KD '000</i>	<i>2017</i> <i>KD '000</i>	<i>2016</i> <i>KD '000</i>
Profit (loss) for the period	230	95	309	(330)
Other comprehensive income (loss): <i>Items that are or may be subsequently</i> <i>reclassified to interim condensed statement</i> <i>of income in subsequent periods:</i>				
Net change in fair value of financial assets available for sale	(555)	(538)	(192)	(14)
Share of other comprehensive income of associates	565	127	211	207
Exchange differences on translation of foreign operations	925	(759)	1,333	(260)
Net other comprehensive income (loss) that are or may be reclassified to interim condensed statement of income in subsequent periods	935	(1,170)	1,352	(67)
<i>Items that will not be reclassified to interim</i> <i>condensed consolidated statement of</i> <i>income in subsequent periods:</i>				
Share of other comprehensive income of associates	76	-	865	-
Net other comprehensive income (loss) that will not be reclassified to statement of income in subsequent periods	1,011	(1,170)	2,217	(67)
Other comprehensive income (loss) for the period	1,011	(1,170)	2,217	(67)
Total comprehensive income (loss) for the period	1,241	(1,075)	2,526	(397)

The attached notes 1 to 9 form part of the interim condensed consolidated financial information.

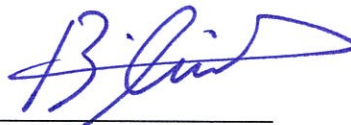
Coast Investment & Development Company K.S.C.P. and Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 30 June 2017

		<i>(Audited)</i>		
		<i>30 June</i>	<i>31 December</i>	<i>30 June</i>
		<i>2017</i>	<i>2016</i>	<i>2016</i>
	<i>Notes</i>	<i>KD '000</i>	<i>KD '000</i>	<i>KD '000</i>
ASSETS				
Non-current assets				
Property, plant and equipment		1,071	1,070	1,067
Investment property		151	153	151
Investment in associates	4	36,355	34,067	33,081
Financial assets available for sale		12,787	13,891	14,276
Other assets		2,587	3,178	3,303
		<u>52,951</u>	<u>52,359</u>	<u>51,878</u>
Current assets				
Financial assets at fair value through profit or loss		58	2	2
Prepayment and other assets		335	373	373
Cash and cash equivalents		3,640	1,545	2,168
		<u>4,033</u>	<u>1,920</u>	<u>2,543</u>
TOTAL ASSETS		<u><u>56,984</u></u>	<u><u>54,279</u></u>	<u><u>54,421</u></u>
EQUITY AND LIABILITIES				
EQUITY				
Share capital		62,529	62,529	62,529
Statutory reserve		11,647	11,647	11,647
Voluntary reserve		1,991	1,991	1,991
Treasury shares	5	(4,776)	(5,215)	(5,215)
Treasury shares reserve		26	236	236
Other reserves		261	(604)	-
Foreign currency translation reserve		914	(630)	(67)
Cumulative changes in fair values		1,099	1,291	2,213
Accumulated losses		(18,551)	(18,860)	(21,259)
Equity attributable to shareholders of the Parent Company		<u>55,140</u>	<u>52,385</u>	<u>52,075</u>
Non-controlling interests		32	32	32
TOTAL EQUITY		<u><u>55,172</u></u>	<u><u>52,417</u></u>	<u><u>52,107</u></u>
LIABILITIES				
Non-current liabilities				
End of service benefits		240	184	493
		<u>240</u>	<u>184</u>	<u>493</u>
Current liabilities				
Other liabilities		1,572	1,678	1,821
TOTAL LIABILITIES		<u>1,812</u>	<u>1,862</u>	<u>2,314</u>
TOTAL EQUITY AND LIABILITIES		<u><u>56,984</u></u>	<u><u>54,279</u></u>	<u><u>54,421</u></u>



Bader Mohammad AlQattan
Vice Chairman



Thamer Nabeel Al Neseef
Acting CEO

The attached notes 1 to 9 form part of the interim condensed consolidated financial information.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2017

	Attributable to shareholders of the Parent Company										Total KD '000		
	Share Capital KD '000	Statutory reserve KD '000	Voluntary reserve KD '000	Treasury shares KD '000	Treasury shares KD '000	Other reserve KD '000	Foreign currency translation reserve KD '000	Cumulative changes in fair values KD '000	Accumulated Losses KD '000	Sub-total KD '000		Non- controlling interests KD '000	
As at 1 January 2017 (Audited)	62,529	11,647	1,991	236	(5,215)	236	(604)	(630)	1,291	(18,860)	52,385	32	52,417
Profit for the period	-	-	-	-	-	-	-	-	-	309	309	-	309
Other comprehensive income (loss) for the period	-	-	-	-	-	-	865	1,544	(192)	-	2,217	-	2,217
Total comprehensive income (loss) for the period	-	-	-	-	-	-	865	1,544	(192)	309	2,526	-	2,526
Sale of treasury shares	-	-	-	(210)	439	-	-	-	-	-	229	-	229
As at 30 June 2017	62,529	11,647	1,991	26	(4,776)	261	914	1,099	1,099	(18,551)	55,140	32	55,172
As at 1 January 2016 (Audited)	62,529	11,647	1,991	236	(5,215)	236	(14)	(14)	2,227	(20,929)	52,472	32	52,504
Loss for the period	-	-	-	-	-	-	-	-	-	(330)	(330)	-	(330)
Other comprehensive loss for the period	-	-	-	-	-	-	(53)	(53)	(14)	-	(67)	-	(67)
Total comprehensive loss for the period	-	-	-	-	-	-	(53)	(53)	(14)	(330)	(397)	-	(397)
As at 30 June 2016	62,529	11,647	1,991	236	(5,215)	236	(67)	(67)	2,213	(21,259)	52,075	32	52,107

The attached notes 1 to 9 form part of the interim condensed consolidated financial information.

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

(UNAUDITED)

For the period ended 30 June 2017

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2017</i>	<i>2016</i>
	<i>KD '000</i>	<i>KD '000</i>
OPERATING ACTIVITIES		
Profit (loss) for the period before contribution to National Labour Support tax (NLST) and Zakat	322	(330)
Adjustments for:		
Net gain on sale of financial assets available for sale	(44)	-
Other income	-	(30)
Impairment loss on accounts receivable	-	4
Impairment on financial assets available for sale	11	-
Depreciation	4	3
Finance costs	2	13
Share of results of associates	(30)	273
Loss on liquidation of subsidiary	-	2
Tax expense	(13)	-
End of service benefits	56	38
	308	(27)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	(56)	-
Prepayments and other assets	629	1,100
Other liabilities	(106)	(251)
Cash generated from operations	775	822
End of service benefits paid	-	(769)
Net cash from operating activities	775	53
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5)	-
Proceeds on sale and capital redemptions of financial assets available for sale	945	3
Proceeds on capital redemption from an associate	-	1,559
Finance cost paid	(2)	(13)
Net cash from investing activities	938	1,549
FINANCING ACTIVITIES		
Repayment of amount due to related party	-	(1,500)
Proceeds from sale of treasury shares	229	-
Net cash from (used in) financing activities	229	(1,500)
Net foreign exchange difference	153	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,095	102
Cash and cash equivalents at the beginning of the period	1,545	2,066
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,640	2,168

The attached notes 1 to 9 form part of the interim condensed consolidated financial information.

Coast Investment & Development Company K.S.C.P. and Subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at 30 June 2017

1 INCORPORATION AND ACTIVITIES

Coast Investment & Development Company K.S.C.P. (the "Parent Company") is a public shareholding company incorporated in Kuwait on 29 July 1975. The Parent Company and its subsidiaries (collectively, the "Group") are 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 at P.O. Box 26755, Safat 13128, State of Kuwait.

The Parent Company's shares are listed on the Kuwait Stock Exchange and regulated by Capital Markets Authority ("CMA"). The principal activities of the Group are explained in Note 7.

The principal activities of the Parent Company are:

- a) To carry out all operations relating to securities, including sale and purchase of shares and bonds of companies, governmental and semi-governmental corporations, for its own account or for the account of others.
- b) Management of financial portfolios and investment and development of its customers' funds by deployment of their funds in investment fields locally and internationally.
- c) To carry out all financial transactions including borrowing and lending, guarantees and issuing bonds of all types with or without security in the local and international markets.
- d) To establish and manage investment funds for its own account and for the account of others, offering its units for subscription and undertaking the functions of the investment custodian or investment manager for investment funds inside and outside the country in accordance with the laws and resolutions applicable in the state.
- e) To carry out the duties related to the functions of lead managers and investment custodians of bonds issued by companies or authorities.

The interim condensed consolidated financial information of the Group for the period ended 30 June 2017 were authorised for issue in accordance with a resolution of the Board of Directors on 30 July 2017.

The Annual General Assembly of the shareholders of the Parent Company for the year ended 31 December 2016 held on 10 May 2017 approved the consolidated financial statements, for the year ended 31 December 2016 and the proposal made by Parent Company's Board of Directors on not distributing any dividends or bonus shares.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group is prepared in accordance with International Accounting Standard (IAS 34) Interim Financial Reporting.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2016 except for the adoption of the amendments and annual improvements to IFRSs, relevant to the Group which are effective for annual reporting period starting from 1 January 2017 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements prepared in accordance with IFRS, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the six months ended 30 June 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD) and all values are recorded to the nearest KD thousand except when otherwise indicated.

Coast Investment & Development Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at 30 June 2017

3 BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share is calculated by dividing the earnings (loss) for the period attributable to shareholders of the Parent Company by the weighted average number of shares (excluding treasury shares) outstanding during the period.

	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<i>2017 KD '000</i>	<i>2016 KD '000</i>	<i>2017 KD '000</i>	<i>2016 KD '000</i>
Profit (loss) for the period attributable to shareholders of the Parent Company	230	95	309	(330)
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of outstanding shares	625,293,152	625,293,152	625,293,152	625,293,152
Less: weighted average number of treasury shares	(41,986,753)	(44,570,086)	(41,400,196)	(44,570,086)
Weighted average number of shares	583,306,399	580,723,066	583,892,956	580,723,066
Basic and diluted earnings (loss) per share attributable to shareholders of the Parent Company	1 fils	- fils	1 fils	(1) fils

As there are no outstanding dilutive instruments outstanding hence, basic and diluted earnings (loss) per share are identical.

4 INVESTMENT IN ASSOCIATES

Details of associates are set out below:

Name	Country of incorporation	Interest in equity %			Principal activity	Carrying value		
		30 June 2017	31 December 2016 (Audited)	30 June 2016		30 June 2017 KD '000	31 December 2016 (Audited) KD '000	30 June 2016 KD '000
Rico GmbH	Germany	23.73	23.73	23.73	Manufacturing	2,506	2,412	2,394
Kuwaiti German Holding Company K.S.C. (Closed) ("KGH")	Kuwait	23.41	23.41	23.41	Investing activities	17,810	16,884	16,415
Weinig International A.G. ("Weinig")	Germany	12.37	12.37	12.37	Manufacturing	16,039	14,771	14,272
						36,355	34,067	33,081

KGH has a direct ownership of 52% in Weinig.

Coast Investment & Development Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at 30 June 2017

5 TREASURY SHARES

	30 June 2017	(Audited) 31 December 2016	30 June 2016
Number of treasury shares	40,820,086	44,570,086	44,570,086
Percentage of capital	6.53%	7.13%	7.13%
Market value (KD '000)	1,600	1,694	1,827
Cost (KD '000)	4,776	5,215	5,215
Weighted average market price per share (fils)	47	39	38

An amount equivalent to the cost of purchase of the treasury shares have been earmarked as non-distributable from voluntary reserve and a portion of the statutory reserve throughout the holding period of treasury shares. The treasury shares are not mortgaged.

6 RELATED PARTY DISCLOSURES

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

The related party balances and transactions included in the interim condensed consolidated financial information are as follows:

	Associates KD '000	Others KD '000	30 June 2017 KD '000	(Audited) 31 December 2016 KD '000	30 June 2016 KD '000
<i>Included in the interim condensed consolidated statement of financial position:</i>					
Promissory note - non-current assets (included in other assets)	2,587	-	2,587	3,178	3,303

Promissory note are to be settled in cash, bears an average interest rate of 1.26% (31 December 2016: 1.26%, 30 June 2016: 1.26%) per annum and is receivable after one year from the reporting date. The balance is not secured.

	Three months ended 30 June		Six months ended 30 June	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
<i>Included in the interim condensed consolidated statement of income:</i>				
Management fees	244	73	340	155
Interest income (included in net investment income)	8	6	16	16
Finance cost (included in net investment income)	-	-	-	6

Key management compensation:

The remuneration of key management personnel of the Group during the period was as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017 KD '000	2016 KD '000	2017 KD '000	2016 KD '000
Salaries and other short term benefits	51	77	102	168
Terminal benefits	6	1	8	4
	<u>57</u>	<u>78</u>	<u>110</u>	<u>172</u>

Coast Investment & Development Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at 30 June 2017

7 SEGMENT INFORMATION

For management purposes, the Group is organised into two main business segments based on internal reporting provided to the chief operating decision maker:

Investments - represents Group's investment activities and other related services.

Others - represents other activities undertaken by the Group which includes management consultancy services.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investment.

The following table present information relating to the revenue and loss before taxation of the Group's operating segments for the six months ended 30 June 2017 and 30 June 2016, respectively:

	<i>Investments</i> <i>KD '000</i>	<i>Unallocated</i> <i>KD '000</i>	<i>Total</i> <i>KD '000</i>
<i>Six months ended 30 June 2017</i>			
Segment revenue from operations	767	-	767
Segment results			
Profit before tax	322	-	322
<i>Six months ended 30 June 2016</i>			
Segment revenue from operations	289	-	289
Segment results			
Profit before tax	(330)	-	(330)

The following table presents segment assets and liabilities of the Group's operating segments as at 30 June 2017, 31 December 2016 and 30 June 2016:

	<i>Investments</i> <i>KD '000</i>	<i>Others</i> <i>KD '000</i>	<i>Total</i> <i>KD '000</i>
<i>As at 30 June 2017</i>			
Total assets	56,777	207	56,984
Total liabilities	1,809	3	1,812
<i>As at 31 December 2016 (Audited)</i>			
Total assets	54,061	218	54,279
Total liabilities	1,858	4	1,862
<i>As at 30 June 2016</i>			
Total assets	54,258	163	54,421
Total liabilities	2,311	3	2,314

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

INFORMATION (UNAUDITED)

As at 30 June 2017

8 CAPITAL COMMITMENTS

At the reporting date, the Group had capital commitments of KD 551 thousand (31 December 2016: KD 700 thousand and 30 June 2016: KD 863 thousand) towards purchase of investments.

9 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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 values of financial instruments, with the exception of certain financial assets available for sale carried at cost are not materially different from their carrying values.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed 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 market prices in an active market (that are unadjusted) for identical assets or liabilities

Level 2 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable)

Level 3 — Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

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

The Group held the following classes of financial instruments measured at fair value:

Financial assets measured at fair value	Total KD '000	Level 1 KD '000	Level 2 KD '000	Level 3 KD '000
30 June 2017				
Financial assets available for sale	8,046	126	-	7,920
Financial assets carried at fair value through statement of income	58	57	1	-
31 December 2016 (Audited)				
Financial assets available for sale	9,150	568	-	8,582
Financial assets carried at fair value through statement of income	2	1	1	-
Financial assets measured at fair value	Total	Level 1	Level 2	Level 3
	KD '000	KD '000	KD '000	KD '000
30 June 2016				
Financial assets available for sale	9,442	-	-	9,442
Financial assets carried at fair value through statement of income	2	1	1	-

During the six months period ended 30 June 2017, there were no transfers between hierarchies.

The management assessed that financial assets and financial liabilities other than those disclosed above approximate their carrying amounts largely due to the short-term maturities of those instruments except for financial assets available for sale carried at cost less impairment amounting to KD 4,741 thousand (31 December 2016: KD 4,741 thousand and 30 June 2016: KD 4,867 thousand), for which no reliable fair value measure is available.

The impact on the interim condensed consolidated statement of financial position or the interim condensed consolidated statement of comprehensive income would be immaterial if the relevant risk variables used to fair value the unquoted securities were altered by 5%.

Coast Investment & Development Company K.S.C.P. and Subsidiaries
 NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
 INFORMATION (UNAUDITED)

As at 30 June 2017

9 FAIR VALUES (continued)

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets which are recorded at fair value.

	<i>At the beginning of the period/ year KD '000</i>	<i>Loss recorded in other comprehensive income KD '000</i>	<i>Net purchases, transfer, sales and settlements KD '000</i>	<i>Impairment loss KD '000</i>	<i>At the end of the period/ year KD '000</i>
30 June 2017					
Financial assets available for sale	8,582	(184)	(467)	(11)	7,920
31 December 2016 (Audited)					
Financial assets available for sale	9,789	(931)	(276)	-	8,582
30 June 2016					
Financial assets available for sale	9,789	(14)	(333)	-	9,442