

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

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

31 MARCH 2020





Ernst & Young
Al Aiban, Al Osaimi & Partners
P.O. Box 74
18–20th Floor, Baitak Tower
Ahmed Al Jaber Street
Safat Square 13001, Kuwait

Tel: +965 2295 5000
Fax: +965 2245 6419
kuwait@kw.ey.com
ey.com/mena

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 2020, and the related interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of cash flows and interim condensed consolidated statement of changes in equity 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 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 basis of preparation as set out in Note 2.

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 accounts 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 2020 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, or of the provisions of Law No. 7 of 2010 concerning the Capital Markets Authority and its related regulations during the three-month period ended 31 March 2020 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 August 2020
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 2020

| | | <i>Three months ended</i> | |
|--|--------------|---------------------------|--------------------|
| | | <i>31 March</i> | |
| | <i>Notes</i> | <i>2020</i> | <i>2019</i> |
| | | <i>KD</i> | <i>KD</i> |
| INCOME | | | |
| Net investment (loss) income | | (1,598,582) | 645,903 |
| Management fees | | 132,218 | 128,410 |
| Other income | | 3,480 | - |
| Share of results of associates | 4 | (1,235,993) | (584,671) |
| Net foreign exchange differences | | 30,939 | (42,538) |
| | | <u>(2,667,938)</u> | <u>147,104</u> |
| EXPENSES | | | |
| Staff costs | | (203,310) | (229,035) |
| General and administrative expenses | | (61,234) | (84,533) |
| Depreciation expense | | (4,078) | (3,103) |
| | | <u>(268,622)</u> | <u>(316,671)</u> |
| LOSS FOR THE PERIOD | | <u>(2,936,560)</u> | <u>(169,567)</u> |
| BASIC AND DILUTED LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | 3 | <u>(5.02) fils</u> | <u>(0.29) 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 three months ended 31 March 2020

| | <i>Three months ended</i> | |
|--|---------------------------|-------------|
| | <i>31 March</i> | |
| | <i>2020</i> | <i>2019</i> |
| | <i>KD</i> | <i>KD</i> |
| LOSS FOR THE PERIOD | (2,936,560) | (169,567) |
| 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 (loss) income of associates | (638,257) | 43,773 |
| Exchange differences on translation of foreign operations | 28,320 | (308,679) |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods | (609,937) | (264,906) |
| <i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i> | | |
| Net (loss) gain on equity instruments designated at fair value through other comprehensive income | (167,602) | 31,694 |
| Share of other comprehensive income (loss) of associates | 1,111,669 | (305,507) |
| Net other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods | 944,067 | (273,813) |
| Other comprehensive income (loss) | 334,130 | (538,719) |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | (2,602,430) | (708,286) |
| Attributable to: | | |
| Equity holders of the Parent Company | (2,602,547) | (707,881) |
| Non-controlling interests | 117 | (405) |
| | (2,602,430) | (708,286) |

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 31 March 2020

| | | <i>(Audited)</i> | |
|--|-------------------|--------------------|-------------------|
| | <i>31 March</i> | <i>31 December</i> | <i>31 March</i> |
| | <i>2020</i> | <i>2019</i> | <i>2019</i> |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 1,087,091 | 1,091,140 | 1,085,771 |
| Investment properties | 154,275 | 151,525 | 152,100 |
| Investment in associates | 4 35,660,914 | 36,392,709 | 36,617,123 |
| Financial assets at fair value through profit or loss | 9,698,126 | 11,340,929 | 11,982,727 |
| Financial assets at fair value through other comprehensive income | 378,152 | 545,754 | 1,162,333 |
| Other assets | 2,051,175 | 2,036,710 | 2,159,995 |
| | <u>49,029,733</u> | <u>51,558,767</u> | <u>53,160,049</u> |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 117,150 | - | - |
| Other assets | 333,812 | 479,315 | 328,289 |
| Cash and cash equivalents | 4,405,677 | 4,526,617 | 3,351,411 |
| | <u>4,856,639</u> | <u>5,005,932</u> | <u>3,679,700</u> |
| TOTAL ASSETS | <u>53,886,372</u> | <u>56,564,699</u> | <u>56,839,749</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 | 513,716 | (597,953) | (234,425) |
| Foreign currency translation reserve | 824,259 | 1,434,313 | 1,412,346 |
| Fair value reserve | (2,607,103) | (2,439,501) | (1,822,922) |
| Accumulated losses | (17,660,475) | (14,723,915) | (15,479,975) |
| Equity attributable to equity holders of the Parent Company | <u>52,488,236</u> | <u>55,090,783</u> | <u>55,292,863</u> |
| Non-controlling interests | 32,460 | 32,343 | 32,141 |
| Total equity | <u>52,520,696</u> | <u>55,123,126</u> | <u>55,325,004</u> |
| Liabilities | | | |
| Non-current liabilities | | | |
| Employees' end of service benefits | 269,087 | 292,672 | 254,664 |
| Current liabilities | | | |
| Other liabilities | 1,096,589 | 1,148,901 | 1,260,081 |
| Total liabilities | <u>1,365,676</u> | <u>1,441,573</u> | <u>1,514,745</u> |
| TOTAL EQUITY AND LIABILITIES | <u>53,886,372</u> | <u>56,564,699</u> | <u>56,839,749</u> |

Osama A. KH. Al Ayoub
Chairman

Thamer Nabeel Al Nesef
Chief Executive Officer

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 2020

Attributable to equity holders of the Parent Company

| | <i>Share capital</i> | <i>Statutory reserve</i> | <i>Voluntary reserve</i> | <i>Treasury shares</i> | <i>Treasury shares reserve</i> | <i>Other reserve</i> | <i>Foreign currency translation reserve</i> | <i>Fair value reserve</i> | <i>Accumulated losses</i> | <i>Sub-total</i> | <i>Non-controlling interests</i> | <i>Total</i> |
|--|----------------------|--------------------------|--------------------------|------------------------|--------------------------------|----------------------|---|---------------------------|---------------------------|-------------------|----------------------------------|-------------------|
| | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| As at 1 January 2020 | 62,529,315 | 11,647,495 | 1,991,146 | (4,775,819) | 25,702 | (597,953) | 1,434,313 | (2,439,501) | (14,723,915) | 55,090,783 | 32,343 | 55,123,126 |
| Loss for the period | - | - | - | - | - | - | - | - | (2,936,560) | (2,936,560) | - | (2,936,560) |
| Other comprehensive income (loss) for the period | - | - | - | - | - | 1,111,669 | (610,054) | (167,602) | - | 334,013 | 117 | 334,130 |
| Total comprehensive income (loss) for the period | - | - | - | - | - | 1,111,669 | (610,054) | (167,602) | (2,936,560) | (2,602,547) | 117 | (2,602,430) |
| At 31 March 2020 | 62,529,315 | 11,647,495 | 1,991,146 | (4,775,819) | 25,702 | 513,716 | 824,259 | (2,607,103) | (17,660,475) | 52,488,236 | 32,460 | 52,520,696 |
| 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 |

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 three months ended 31 March 2020

| | <i>Note</i> | <i>Three months ended</i> | |
|--|-------------|---------------------------|-------------|
| | | <i>2020</i> | <i>2019</i> |
| | | <i>KD</i> | <i>KD</i> |
| OPERATING ACTIVITIES | | | |
| Loss for the period | | (2,936,560) | (169,567) |
| <i>Adjustments to reconcile loss for the period to net cash flows:</i> | | | |
| Share of results of associates | 4 | 1,235,993 | 584,671 |
| Unrealised gain on financial assets at fair value through profit or loss | | 1,675,830 | (583,961) |
| Realised gain on financial assets at fair value through profit or loss | | (34,452) | - |
| Dividend income | | (7,750) | - |
| Interest income | | (35,046) | (36,044) |
| Depreciation expense | | 4,078 | 3,103 |
| Employees' end of service benefits | | 8,662 | 16,209 |
| | | (89,245) | (185,589) |
| <i>Changes in operating assets and liabilities:</i> | | | |
| Financial assets at fair value through profit or loss | | (115,725) | 38,075 |
| Other assets | | 144,643 | 290,374 |
| Other liabilities | | 7,688 | 17,269 |
| Cash flows (used in) from operations | | (52,639) | 160,129 |
| Employees' end of service benefits paid | | (32,247) | - |
| Taxes paid | | (60,000) | (90,000) |
| Dividend income received | | 7,750 | - |
| Interest income received | | 21,441 | 15,970 |
| Net cash flows (used in) from operating activities | | (115,695) | 86,099 |
| INVESTING ACTIVITIES | | | |
| Purchase of equipment | | (29) | (258) |
| Net cash flows from investing activities | | (29) | (258) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | | (115,724) | 85,841 |
| Net foreign exchange differences | | (5,216) | (2,799) |
| Cash and cash equivalents at 1 January | | 4,526,617 | 3,268,369 |
| CASH AND CASH EQUIVALENTS AT 31 MARCH | | 4,405,677 | 3,351,411 |

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 31 March 2020

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 2020 was authorised for issue in accordance with a resolution of the Board of Directors on 12 August 2020.

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 consolidated financial statements comprise the financial statements of the Parent Company and its wholly owned subsidiaries as follows:

| Name of the company | Country of incorporation | Effective equity interest | | Principal activities |
|-----------------------------------|--------------------------|---------------------------|------|----------------------|
| | | 2020 | 2019 | |
| <i>Directly held</i> | | | | |
| Coast Investments Limited (“CIL”) | BVI | 100% | 100% | Investment services |
| Coast Holding Corporation (“CHC”) | USA | 100% | 100% | Investment services |
| <i>Held through CHC</i> | | | | |
| Winters Estate LLC (“Winters”) | USA | 80% | 80% | Real estate services |

The shareholders of the Parent Company at the annual general assembly meeting (AGM) held on 17 June 2020 approved the consolidated financial statements of the Group for the year ended 31 December 2019 and resolved not to distribute any dividends.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The interim condensed financial information for the three month period ended 31 March 2020 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 2019 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.

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 2019. In the opinion of management, all adjustments considered necessary for a fair presentation have been included in the interim condensed consolidated financial information. Operating results for the three months period ended 31 March 2020 are not necessarily indicative of the results that may be expected for the year ending 31 December 2020.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed financial information of the Group.

Amendments to IFRS 3: *Definition of a Business*

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8: *Definition of Material*

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated financial statements of the Group.

3 LOSS 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.

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 2020

3 LOSS PER SHARE (EPS) (continued)

| | <i>Three months ended</i> | |
|---|---------------------------|-------------|
| | <i>31 March</i> | |
| | 2020 | 2019 |
| Loss for the period attributable to equity holders of the Parent Company (KD) | (2,936,560) | (169,567) |
| Weighted average number of shares outstanding during the period | 584,473,066 | 584,473,066 |
| Basic and diluted EPS (fils) | (5.02) fils | (0.29) 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 | | |
|--|-------------|-------------------|--------------------|-----------------|----------------------|-------------------|--------------------|-----------------|
| | | <i>(Audited)</i> | | | | <i>(Audited)</i> | | |
| | | <i>31 March</i> | <i>31 December</i> | <i>31 March</i> | | <i>31 March</i> | <i>31 December</i> | <i>31 March</i> |
| 2020 | 2019 | 2019 | 2020 | 2019 | 2019 | | | |
| | | | | | <i>KD</i> | <i>KD</i> | <i>KD</i> | |
| Rico GmbH Kuwaiti German Holding Company K.S.C. (Closed) | Germany | 23.73 | 23.73 | 23.73 | Manufacturing | 2,491,254 | 2,543,366 | 2,435,482 |
| ("KGH") ¹ Weinig International A.G. ("Weinig") | Kuwait | 23.49 | 23.49 | 23.41 | Investment | 16,298,005 | 16,743,524 | 16,657,893 |
| | Germany | 12.37 | 12.37 | 12.37 | Manufacturing | 16,871,655 | 17,105,819 | 17,523,748 |
| | | | | | | 35,660,914 | 36,392,709 | 36,617,123 |

¹ KGH has a direct ownership of 52% in Weinig.

| | <i>31 March</i> | <i>31 December</i> | <i>31 March</i> |
|--|--------------------|--------------------|-----------------|
| | 2020 | 2019 | 2019 |
| | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Opening balance | 36,392,709 | 37,769,857 | 37,769,857 |
| Additions | - | 13,273 | - |
| Share of results | (1,235,993) | 28,636 | (584,671) |
| Share of other comprehensive (loss) income that may be reclassified to profit or loss in subsequent periods | (638,257) | 175,740 | 43,773 |
| Share of other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods | 1,111,669 | (669,035) | (305,507) |
| Dividends received | - | (507,444) | - |
| Foreign exchange adjustments | 30,786 | (418,318) | (306,329) |
| Group's share in equity | 35,660,914 | 36,392,709 | 36,617,123 |

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 2020

5 TREASURY SHARES

| | 31 March 2020 | <i>(Audited)</i> 31 December 2019 | 31 March 2019 |
|--|--------------------------|---|------------------|
| 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) | 1,102,142 | 1,632,803 | 1,432,785 |
| Cost (KD) | 4,755,819 | 4,755,819 | 4,775,819 |
| Weighted average market value per share (fils) | 36 | 35 | 36 |

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> KD | <i>Others</i> KD | 31 March 2020 KD | <i>(Audited)</i> 31 December 2019 KD | 31 March 2019 KD |
|---|-------------------------|---------------------|---------------------------------|---|------------------------|
| <i>Interim condensed consolidated statement of financial position:</i> | | | | | |
| Promissory notes (<i>included within other assets</i>) ¹ | 1,641,767 | - | 1,641,767 | 1,634,598 | 1,756,357 |
| Accrued management fees (<i>included within other assets</i>) | - | 120,565 | 120,565 | 126,463 | 112,878 |
| Investment in managed fund | - | 6,221,732 | 6,221,732 | 7,721,747 | 6,983,413 |

¹ Promissory notes represent a financing arrangement to an associate for the purpose of financing its operations and earn interest at 1.16% (31 December 2019: 1.15%, 31 March 2019: 1.19%) above 3-months EURIBOR, per annum.

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances are due for settlement at any given time to the holder against the presentation of the promissory note. There have been no guarantees provided or received for any related party receivables or payables. During the period ended 31 March 2020, the Group has recorded KD Nil as allowance for expected credit losses relating to amounts owed by related parties since it is considered low risk of default. This assessment is undertaken at each financial reporting period through examining the financial position of the related party and the market in which the related party operates.

| | <i>Three months ended 31 March</i> | |
|---|---|------------|
| | 2020 KD | 2019 KD |
| <i>Included in the interim condensed consolidated statement of profit or loss:</i> | | |
| Management fees (income) | 120,565 | 118,374 |
| Interest income (included in net investment income) | 4,554 | 5,173 |
| Net investment (loss) income from managed fund | (1,500,015) | 640,418 |

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 2020

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>Transactions values for three months ended 31 March</i> | | <i>Balance outstanding as at 31 March</i> | |
|--|--|-------------|---|-------------|
| | <i>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</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 | 63,774 | 63,774 | 63,424 | 46,496 |
| End of service benefits | 4,550 | 4,550 | 62,542 | 44,342 |
| | 68,324 | 68,324 | 125,966 | 90,838 |

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:

| | Three months ended 31 March 2020 | | | |
|--------------------------------|---|----------------------|-------------------|---------------------|
| | Kuwait and GCC KD | Europe KD | USA KD | Total KD |
| Total income (loss) | (1,987,113) | (665,304) | (15,521) | (2,667,938) |
| Depreciation | (4,078) | - | - | (4,078) |
| Share of results of associates | (664,109) | (571,884) | - | (1,235,993) |
| Loss for the period | (2,251,621) | (665,304) | (19,635) | (2,936,560) |
| Total assets | 30,881,765 | 22,441,711 | 562,896 | 53,886,372 |
| Total liabilities | 1,362,186 | - | 3,490 | 1,365,676 |
| <i>Other disclosures:</i> | | | | |
| Investment in associates | 16,298,005 | 19,362,909 | - | 35,660,914 |

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 2020

7 SEGMENT INFORMATION (continued)

| | Three months ended 31 March 2019 | | | |
|--------------------------------|----------------------------------|--------------|-----------|-------------|
| | Kuwait and GCC KD | Europe KD | USA KD | Total KD |
| Total income | 353,146 | (211,599) | 5,557 | 147,104 |
| Depreciation | (3,103) | - | - | (3,103) |
| Share of results of associates | (379,620) | (205,051) | - | (584,671) |
| Profit (loss) for the period | 36,475 | (211,599) | 5,557 | (169,567) |
| Total assets | 31,291,169 | 25,000,953 | 547,627 | 56,839,749 |
| Total liabilities | 1,511,241 | - | 3,504 | 1,514,745 |
| <i>Other disclosures:</i> | | | | |
| Investment in associates | 16,657,893 | 19,959,230 | - | 36,617,123 |

8 CAPITAL COMMITMENTS

At the reporting date, the Group had capital commitments of KD 173,375 (31 December 2019: KD 200,607 and 31 March 2019: KD 294,996) in respect of uncalled capital in certain private equity funds classified as financial assets at fair value through profit or loss.

9 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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.

9.1 Valuation techniques used to determine fair values

Listed investment in equity securities

When fair values of publicly traded equity securities are based on quoted market prices in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Group values these investments at bid price.

Unlisted managed funds

The Group invests in managed funds, including private equity funds, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods, redemption gates and side pockets. The Group considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the fund and fund manager. In measuring fair value, consideration is also paid to any transactions in the units/ shares of the fund. Depending on the nature and level of adjustments needed to the NAV and the level of trading in the investee fund, the Group classifies these funds as either Level 2 or Level 3.

Unlisted equity investments

The Group invests in private equity companies that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. The Group uses a mix of NAV and market based valuation technique for these positions discounted for considerations such as illiquidity based on company-specific facts and circumstances. The Group classifies the fair value of these investments as Level 3.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

9 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**9.2 Fair value hierarchy**

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

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

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

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

The following table provides the fair value measurement hierarchy of the Group's financial instruments measured at fair value as at 31 March 2020, 31 December 2019 and 31 March 2019:

| | Fair value measurement using | | | |
|--|-------------------------------------|---|---|---|
| | <i>Total</i> <i>KD</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> |
| 31 March 2020 | | | | |
| Financial assets at FVTPL: | | | | |
| Open-ended fund | 6,221,732 | - | 6,221,732 | - |
| Private equity funds | 3,468,149 | - | - | 3,468,149 |
| Quoted equity securities | 117,150 | 117,150 | - | - |
| Unquoted equity securities | 8,245 | - | - | 8,245 |
| | <u>9,815,276</u> | <u>117,150</u> | <u>6,221,732</u> | <u>3,476,394</u> |
| Financial assets at FVOCI: | | | | |
| Unquoted equity securities | 378,152 | - | - | 378,152 |
| Investment securities (at fair value) | <u><u>10,193,428</u></u> | <u><u>117,150</u></u> | <u><u>6,221,732</u></u> | <u><u>3,854,546</u></u> |

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

9 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

9.2 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 2019</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Financial assets at FVTPL: | | | | |
| Open-ended fund | 7,721,747 | - | 7,721,747 | - |
| Private equity funds | 3,610,937 | - | - | 3,610,937 |
| Unquoted equity securities | 8,245 | - | - | 8,245 |
| | <u>11,340,929</u> | <u>-</u> | <u>7,721,747</u> | <u>3,619,182</u> |
| Financial assets at FVOCI: | | | | |
| Unquoted equity securities | 545,754 | - | - | 545,754 |
| Investment securities (at fair value) | <u>11,886,683</u> | <u>-</u> | <u>7,721,747</u> | <u>4,164,936</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 March 2019</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> | <i>KD</i> |
| Financial assets at FVTPL: | | | | |
| Open-ended 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 |
| | <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> |

9.3 Other financial assets and liabilities

For all other financial assets and liabilities at amortised cost, the carrying value is an approximation of fair value.

9.4 Transfers between Levels

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 three months ended 31 March 2020.

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 2020

9 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

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

| <i>31 March 2020</i> | <i>Financial assets at FVOCI KD</i> | <i>Financial assets at FVTPL KD</i> | <i>Total KD</i> |
|---|---|---|---------------------|
| As at 1 January 2020 | 545,754 | 3,619,182 | 4,164,936 |
| Re-measurement recognised in OCI | (167,602) | - | (167,602) |
| Re-measurement recognised in profit or loss | - | (161,601) | (161,601) |
| Purchases / sales (net) | - | 18,813 | 18,813 |
| As at 31 March 2020 | 378,152 | 3,476,394 | 3,854,546 |

| <i>31 December 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 | (584,885) | - | (584,885) |
| Re-measurement recognised in profit or loss | - | (450,723) | (450,723) |
| Purchases / sales (net) | - | (992,799) | (992,799) |
| As at 31 December 2019 | 545,754 | 3,619,182 | 4,164,936 |

| <i>31 March 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) |
| Purchase/ sales (net) | - | (7,038) | (7,038) |
| As at 31 March 2019 | 1,162,333 | 4,999,314 | 6,161,647 |

9.6 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)

As at and for the period ended 31 March 2020

10 IMPACT OF COVID-19

The coronavirus (“COVID-19”) pandemic has spread across various geographies globally, causing disruption to business and economic activities. While the disruption is currently expected to be temporary, economic uncertainties have arisen. The existing and anticipated effects of the outbreak of COVID-19 on the economy is expected to continue to evolve.

The fiscal and monetary authorities, both domestic and international, have announced various support measures across the globe to counter possible adverse implications. In addition, the Parent Company is an investment company having its investments span globally in various securities and funds. Due to unprecedented and widespread disruption of business operations worldwide, lack of demand and consumption and preventive measures taken across the globe, many of the corporates and business have shut down or are at the doors of closure.

The Group is closely monitoring the situation and has activated its business continuity planning and other risk management practices to manage the potential business disruption COVID-19 outbreak may have on its investments and financial performance.

The uncertainties caused by COVID-19, and the volatility in oil prices have required the Group to update the estimates and assumptions used for the following:

▶ *Impairment of investment in associates*

As at the reporting date, the Group has considered the potential impact of the current economic volatility in the determination of the reported amounts of the Group’s non-financial assets and the unobservable inputs are developed using the best available information about the assumptions that market participants would make in pricing these assets at the reporting date. Management considered the performance outlook and business operations of the CGU to determine whether the carrying amount does not exceed the recoverable amount based on reasonable and supportable assumptions including projections approved by management (as part of the revised budget).

The Group acknowledges that certain geographies and sectors in which these assets are located are negatively impacted, and as the situation continues to unfold, the Group will continue to assess further the impact on cash flows as well as valuation inputs in the upcoming quarters as there is new information to consider.

▶ *Expected credit losses on other assets*

The Group uses the simplified model in calculation of ECL for other assets that do not contain a significant financing component by establishing a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group will continue to individually assess significant exposures as more reliable data becomes available and accordingly determine if any adjustment in the ECL is required in subsequent reporting periods.

The Group continues to monitor and respond to all liquidity and funding requirements through its plan reflecting current economic scenarios. The Group has taken several steps in protecting cash flows through compensating cost saving measures and reductions to discretionary capital expenditure. Further, the Group continues to maintain solid financial strength. The Group aims to maintain a liquidity level to be sufficient to satisfy its liquidity requirements.

The Group has considered potential impacts of the current economic volatility in determination of the reported amounts of the Group’s financial and non-financial assets and these are considered to represent management’s best assessment based on observable information. Markets however remain volatile and the recorded amounts remain sensitive to market fluctuations.

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over.

We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

The MENA practice of EY has been operating in the region since 1923. For more than 90 years, we have grown to more than 6,000 people united across 20 offices and 15 countries, sharing the same values and an unwavering commitment to quality. As an organization, we continue to develop outstanding leaders who deliver exceptional services to our clients and who contribute to our communities. We are proud of our accomplishments over the years, reaffirming our position as the largest and most established professional services organization in the region.

© 2017 EYGM Limited.

All Rights Reserved.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com/mena