التقرير السنوي 2007

شركة الساحل للتنمية والاستثمار ش.م.ك (مقفلة)

COAST INVESTMENT & DEVELOPMENT CO K S C (CLOSED)

WWW.COAST.COM.KW

ANNUAL REPORT 2007 التقرير السنوي

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In the Name of Allah, the Most Gracious, the Most Merciful

His Highness
Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah
The Amir Of The State Of Kuwait

His Highness
Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah
The Crown Prince

His Highness
Sheikh Nasser Al-Mohamed Al-Ahmad Al-Sabah
The Prime Minister

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BOARD OF DIRECTORS

Sulaiman Khaled Al Sahli
Chairman

Khaled Abdulaziz Al-Usaimi
Managing Director

Nasser Saad Al-Muneefi
Vice Chairman

Hamad Ahmad Al-Amiri
Board Member

Abulhadi Ahmed Al-Dousari
Board Member

Naji Abdullah Al Abdul Hadi
Board Member

Anwar Jassim Al Kharafi
Board Member

GENERAL MANAGEMENT

Khaled Abdulaziz Al-Usaimi
Managing Director

Muneer Abdulmuhsen Al-Sharhan
Senior Vice President - Investment Group

Mohammad Rashed Al-Qaoud
Senior Vice President - Support Group

Chairman's Statement

Sulaiman Khalid Al Sahli - Chairman

Dear Shareholders,
Peace be upon You,

It gives me and my colleagues the board members, great pleasure to welcome you today to your company's General Assembly Meeting, and present to you Coast's 2007 Annual Report including the company's financial highlights and achievements, along with the Auditors' Report for the year ended 31 December 2007.

It became evident that last year was another successive year of economic growth due to the unremitting rise in oil prices; given that the price of oil approached US$100 per barrel as a result of the increasing global demand that far exceeds the oil production rates.

Although the record rise in oil prices might dampen economic growth in certain oil importing countries, or give rise to a recession in others, these rises have more than doubled the oil revenues and financial surpluses of the oil exporting countries, including GCC countries.

On the regional side, the relative easing of the nuclear stand-off between the US and Iran, and the improving security situation in Iraq have had a significant impact on the gradual restoration of stability to the Gulf region in general, and the State of Kuwait in particular.

The Kuwait Stock Exchange (KSE) has witnessed an unprecedented rise in terms of trading volume, chief amongst them those made on Mobile Telecommunications Company and the largest acquisition in KSE of a 51% stake of National Mobile Telecommunications Company by Qatar's Qtel, totaling KD 1.075 billion. This reinforced trust in the Kuwaiti market, which closed the year with a 25% increase compared to the passive performance of last year.

2007 was a remarkable year of growth for the Kuwaiti economy due to the growth of oil revenues.

The price of Kuwaiti oil increased from US$ 59 per barrel in 2006 to hit US$ 85 per barrel in 2007 with an average of US$ 71 per barrel from April to December.

Consequently, the oil revenue is expected to contribute approximately KD16.5 billion to the 07-08 State Budget i.e. KD 8.9 billion in excess of the projected figure.

Gross Domestic Product "GDP" is expected to grow by 7.8% to reach KD 30 billion.

While a KD 3.8 billion deficit was expected in the 2007-2008 budget, the forecasted surplus may exceed KD 6 billion for the financial year ending April 2008, should the current levels of oil price and production continue.

In spite of these favorable conditions, the State of Kuwait however, failed to realize any significant progress on the development programs and mega projects frequently announced in the past years.

The political complications between the National Assembly and the Government have unfortunately lead to numerous hearings and resignations that adversely affected Kuwait's prosperity by delaying enactment of vital legislations and projects. Needless to say that a sound political environment should prevail to address such concerns and solicit the executive and technical expertise and hence, develop government performance to keep pace with the advancement of this era and revive the spirit of initiative-making by the Private Sector, which is driven by seriousness, innovation, and creativity.

Valuable shareholders,

I am proud to inform you that our financial highlights indicate a breakthrough in our performance attributable to the real success and developments, among which was the high growth in the portfolio of the high-revenue future deals presented by Coast to its clients in Kuwait Stock Exchange.

Value of contracts entered into during the year increased by 300% compared to end of 2006. Moreover, the "Coast Investment Fund" outperformed the market, where the net assets increased by 37.71% against the market weighted index that reached 34.47% for 2007.

Accordingly, the Fund Management decided to distribute to unit holders a cash dividend of 5% in addition to bonus units representing 15% of the capital. Furthermore, client funds under management grew to KD 550 million, i.e. a 55% increase compared to last year.

Moreover, we completed the 1st and 2nd phases of the capital increase of the Kuwaiti German Holding Company up to KD 100 million, wherein the company's subscription amounted to 700 million shares, which accounts for 70%.

The remaining 3rd phase (30% of the capital) is expected to be completed during the second quarter of 2008.

In addition, the German Management Company (GMC) has been incorporated in Germany to monitor and follow up the company's investments.

Coast also continued with its growth and diversification policies in line with the preset programs, which aim to expand it's direct local and foreign investments, through specialized investment funds that achieved outstanding results.

Among the achievements made during the year was the launch of FTSE Coast Kuwait Index 40 designed in cooperation with FTSE.

Coast also initiated the incorporation of several unique funds to be the first of their kind in the Middle East in conjunction with leading Financial corporations.

To mitigate the severity of the money market fluctuations, and trading in the regular market, the Company's long-term strategic investments were re-arranged and re-categorized, from investments at fair value as expressed in the income statement, to available-for-sale investments.

The Consolidated Income Statement of Coast Investment & Development Company amply demonstrates a sound financial standing:

Net profits of KD 25.88 million, Return on Capital (ROC) of 49.66%, and asset appreciation to reach KD 209 million with an increase of 41.00% compared to last year.

Equity reached KD 94.7million with an increase of 33.76% compared to last year.

These achievements would not have been made without clear objectives and strategic planning, as well as your support and the trust placed in us.

We heavily rely on the loyalty of our clients, this being the key driver for development of the services we render.

Appreciation should also be extended to the Management team and our precious employees for their dedication and devotion towards this excellent performance.

We trust that they shall spare no effort to keep up the same spirit over the coming years.

Finally, I would like to express, on behalf of the Board of Directors and myself, gratitude to H.H. The Amir of the State of Kuwait, Sheikh Sabah Al-Ahmed Al-Jaber Al-Sabah, H.H. the Crown Prince, and H.H the Prime Minister, for their continuous support of the private sector.

We pray to Allah to guide them towards the best for our dearest country.

Chairman

Management Report

General

In the recent years, the GCC countries have benefited from the surge in the global energy prices. The massive oil and natural gas windfall has allowed the GCC economies to grow at an annual average rate of 7% and to improve their overall net foreign asset and fiscal positions over the past four years. Regional current accounts and budget surpluses soared to 30% and 23% of regional GDP.

As the supply side of Oil and Gas is continuously lagging the demand and since the region provides 24% of the global oil production, the region's GDP has grown from $400bn in 2003 to around $750bn by the end of 2007 a drastic increase over the last five years.

This growing momentum had and continues to have its positive effects on the income per capita, the government expenditures, the available liquidity and the local stock markets.

Kuwait's macroeconomic performance has been strong reflecting sharply higher oil and non-oil activity. Real GDP Growth was 5.8% in 2007 compared to a growth of 5% for the previous year. It reflects the favorable developments witnessed in world oil markets and the accompanying rise in world oil prices, along with the increase in the State of Kuwait's crude oil production rates. The inflation rate in the State of Kuwait, measured as the relative change in the General Consumer Price Index, increased from 3.0% during 2006 to 3.2% during 2007.

On the currency side, the Kuwaiti Dinar has appreciated by over 5% against the US dollar in 2007, thanks mainly to the exchange rate being pegged to a basket that is increasingly comprised of Euros. On May 20th, 2007 Kuwait abandoned its currency peg against the Dollar and switched the exchange rate mechanism linked to a basket of leading currencies. This step came after the decline in Dollar's exchange rate against major currencies, which led to an increase in the local inflation rates. The Central Bank of Kuwait said that this step comes as a plan to reduce levels of national inflation. It's worth mentioning that Kuwait pegged its currency with the Dollar in 2003, as a precursor towards proceeding along with the GCC in the plan for a unified currency. Although Kuwait's currency moved back to the basket, the Central Bank of Kuwait stated it is still firmly committed to the united currency plan expected to take place in 2010.

Furthermore, Increased government spending on infrastructure and social programs will continue to accelerate due to the high oil revenues.

The Kuwait Stock Exchange in the year 2007 witnessed several events which have boosted it's performance, particularly following the poor performance of the year 2006.

Mergers and acquisitions that took place during the year restored confidence in the market. Nonetheless, local and regional stability and the rise in oil prices are the main influencing factors sustaining the market index performance. Furthermore, the record trading activity which came up to 1.8 Billion KD in April 2007 also enhanced market stability and helped lead the market to a superior performance at year end. All sectors indices closed the year with positive performance, with the Food index achieving the most with 60.04% and Insurance with lowest performance at 11.31%.

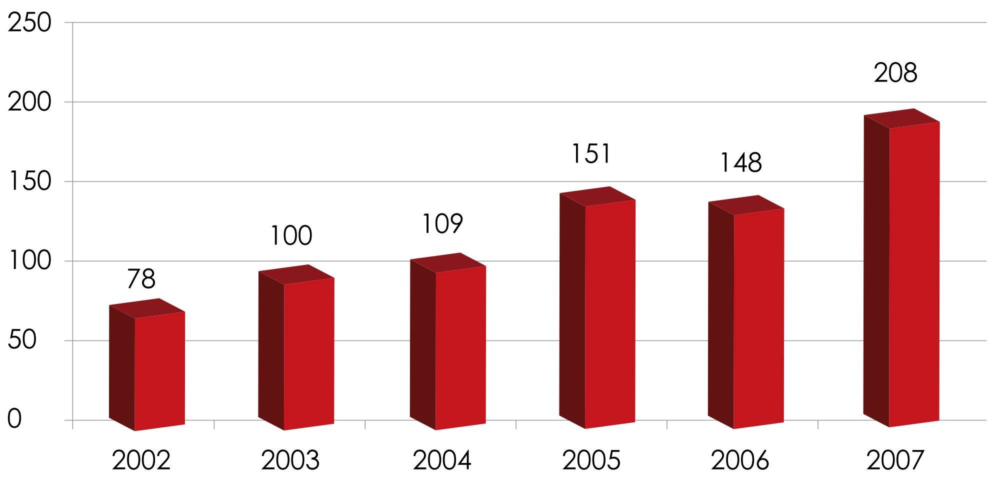
During the year 2007 sixteen companies were listed at the Kuwait Stock Exchange with a total capital and market capitalization of 311.4 and 1,280 Million KD respectively, representing 2.22% of the total market capitalization. The market capitalization for the year 2007 escalated by 38.07% to 57.58 Billion KD compared to the year 2006.

Assets – Progression and Distribution

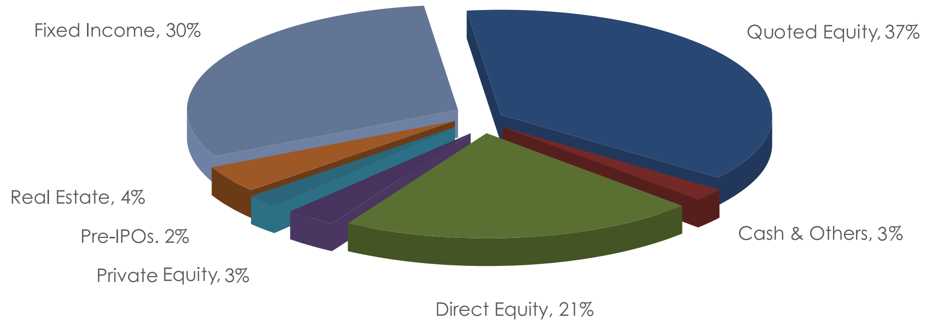
Since the year 2000, our assets have been growing at an average of 20% p.a. However, for fiscal 2007 we are pleased to state that our total assets have grown considerably by 40%, from KD 148mn to KD 208mn.

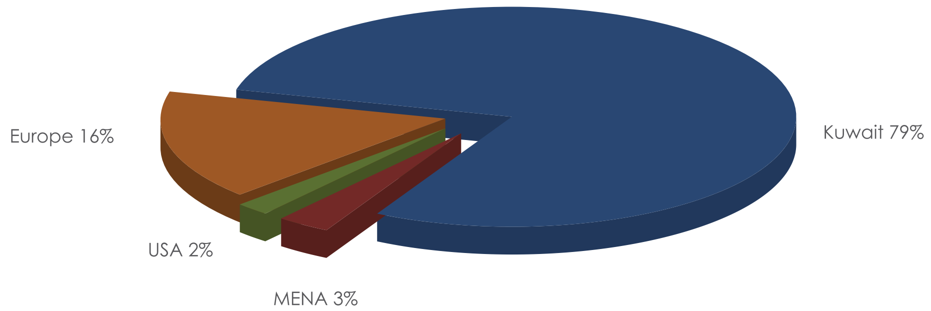
Following is a graph which demonstrates our growth.

Assets Growth and Distribution



Assets for 2007 were distributed as follows:





Direct Investments

Through the years we have managed to grow and maximize the value of our direct investment portfolio which now forms around 21% of our assets. Our investments have performed well through 2007.

- Weinig A.G. has witnessed another profitable year and has minimized it's leverage level. Despite the negative effects of the American credit crisis and its spillover to Europe, the company is right on budget and has distributed good dividends to it's shareholders.
- Ricosta has also sustained it's positive performance and we have realized cash returns on our investment.
- We have completed 70% of the capital raise which represents the first and second phase of the Kuwaiti German Holding company (KGHC) and have put through the German arm in function. With its first

acquisition, it is anticipated that the company will maintain profitability throughout the coming years, building a strong track record.

- Our investment in Global Logistics Services and Warehousing Company (GLOW) is prospering as the company continues it's corporate expansion through synergetic acquisition.
- Towards the end of 2007, Helvetia has realized profitable exits which had a positive impact on it's profitability. We expect next year to witness more lucrative liquidations for other investments in Helvetia's portfolio.

Private Equity

Our Private Equity investments have performed very well this past year. We have realized a cash on cash return of around 25% over our investments. We continue to build and capitalize on our long experience in this sector, and thus have made two new commitments this year:

- In light of our policy to build strategic alliances in this field, we have invested in FondInvest VIII fund, managed by FondInvest Capital Partners who we have a long positive experience with.
- We also participated in Wellington Life Sciences Fund managed by Wellington Partners, a PE house with a long and impressive track record.

We are in the process of co-establishing and launching a new fund in the mezzanine financing sector of Private equity.

Real Estate

Our real estate investment portfolio is growing steadily. Our major investments in this portfolio are Aqar Real Estate Investments Co. and Mena Capital. Through the year 2007, Aqar Real Estate Investments Co. has realized healthy profits and Mena Capital continues with its acquisitions of promising real estate targets. We have also made a new investment in the Real Estate Financing Facility, a company that will target the financial opportunities in the real estate market.

Products and Services

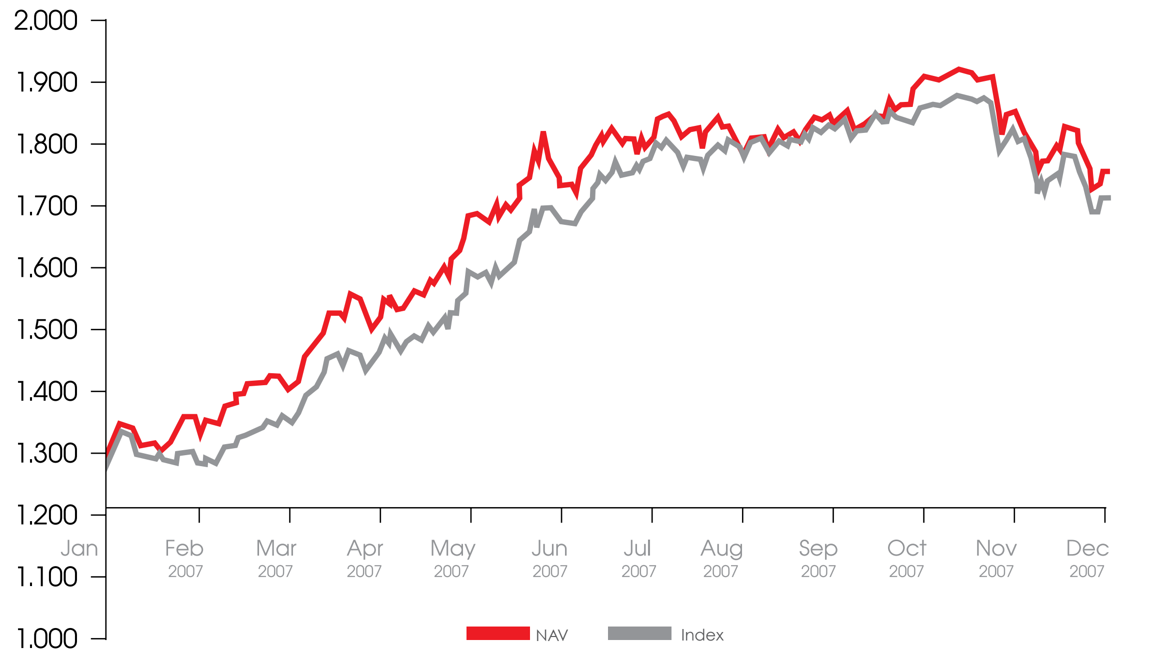
- **Coast Investment Fund**

Coast Investment Fund (CIF) is considered one of the most active and successful funds in Kuwait. The fund is managed by Coast and invests in local listed securities. For 2007, CIF was ranked among the top in terms of its risk-adjusted return. Its annual performance for 2007 closed with a 37.71% return compared to the weighted index of 34.47% beating the benchmark with an impressive 324 basis points.

The success of the CIF performance is attributable to its seamless strategic and analytical approach to investing in attractive growth stocks with pre-analyzed risk controls.

Below is the annual fund performance of the Coast Investment Fund compared to the benchmark for the year 2007.

Funds Performance vs.
KSE Weighted Index - Year 2007



- **Coast Futures**

Coast Futures Service provides a leveraging vehicle to investors for acquiring stocks in the Kuwait Stock Exchange. A qualified and experienced team in derivative securities provides added value to the customer.

The futures trading volume for the year 2007 grew by more than 300% over the previous year. The number of contracts in 2007 grew by 156% and the number of clients grew by over 28%, while net profit has tripled during the same period.

- **Investment Consulting**

Upon the inception of the investment consulting services, Coast was able to perform various services to it's individual and corporate clients. Consequently, Coast performed several consulting services to corporations, government authorities and individual investors. Most recently, Coast designed and arranged training and consulting program for Kuwait Investment Authority to be implemented in February 2008. The service utilized the latest modeling and software to formulate an independent and internationally-recognized mutual fund ranking performance analysis module. Going forward, we will continue to sustain the utmost professionalism and quality to the service provided to clients and enhances the investment awareness among the community.

- **Portfolio Management Services (AMAS)**

AMAS service is a new package for portfolio management; it is managed by a well experienced team of financial analysts and portfolio managers who adopted seamless, strategic and analytical approach towards enhancing fund returns, while controlling risk. Since the establishment of AMAS service, Coast was able to align it's market knowledge with competent insightful analysis and deliver a complete effective package to our valued clients. AMAS extended it's unique database to include GCC securities, and is on the verge of compiling a user friendly version for end-users. This unique product will allow investors access to an instant security analysis platform and dynamic analyst recommendations.

Year 2007 closed with an increase of the fair market value of Assets under Management of 55% to reach KD 550mn.

- **Investment Research**

With Coast's unique investment research approach starting 2006, the investment research unit published an excess of 25 special analysis reports in local newspapers. In June 2007, the unit introduced to its clients and the press "Coast Daily Morning Review", a daily publication of the Kuwait stock market summary and analysis. In August 2007, the investment research unit created and published some pioneering work on Kuwait Stock Exchange Group Indices. The Group indices are a set of indices reflecting the holdings of the largest groups of families and companies. The initiative fused local market insight with internationally recognized tracking methodologies. The publications received nation-wide acceptance, and had major press highlights. Currently, the performance of such indices is published daily in a major local newspaper.

- **Other Activities**

1- Coast Sponsorship to the Funds World Conference – Dubai (June)

2- Coast member elected to speak at the Global Finance conference – Australia (April)

3- Coast sponsorship to the ETFs and Close-ended Funds Conference- London (June).

4- Coast sponsorship to the Funds World Conference – India (October).

- **Prospects**

Coast is committed to sustaining it's profitability and maintaining it's optimization of asset allocation and strategic investment allocation policy. Hence, Coast will continue towards producing unique, innovative products and services to its clients and the market.

- **Potential projects**

an array of services and products targeting the local stock market with unprecedented characteristics are planned to be launched during the year 2008.

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Independent auditors' report

To the shareholders of

Coast Investment & Development Co. – KSC (Closed)

Kuwait

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Coast Investment & Development Co. – KSC (Closed) (the parent company) and Subsidiaries (collectively "the group"), which comprise the consolidated balance sheet as at 31 December 2007, and the related consolidated statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the parent company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards adopted for use by State of Kuwait. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2007, and the results of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted for use by the State of Kuwait.

Report on Other Legal and Regulatory Matters

In our opinion proper books of account have been kept by the parent company and the consolidated financial statements, together with the contents of the report of the parent company's board of directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Commercial Companies Law of 1960, as amended, and by the parent company's articles of association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Commercial Companies Law, as amended, nor of the parent company's articles of association, as amended, have occurred during the year ended 31 December 2007 that might have had a material effect on the business of the group or on it's financial position.

We further report that, during the course of our audit 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 it's related regulations during the year ended 31 December 2007.

Abdullatif M. Al-Aiban (CPA)
(Licence No. 94-A)
of Grant Thornton – Anwar Al-Qatami & Co.

Waleed A. Al Osaimi
(Licence No. 68-A)
of Ernst & Young

Kuwait

13 March 2008

Consolidated statement of income

	Notes	Year ended 31 Dec. 2007 KD '000	Restated Year ended 31 Dec. 2006 KD '000
Income			
Realised gain on investments at fair value through statement of income	6	**10,994**	557
Unrealised gain/(loss) on investments at fair value through statement of income	7	**2,495**	(10,669)
Gain on sale of available for sale investments		**213**	271
Gain on sale of non-current asset held for sale	19	**1,025**	-
Dividend income	8	**2,304**	2,418
Income from sale of investment properties		**-**	296
Management fees	9	**4,497**	1,277
Share of results of associates	20	**8,038**	1,035
Interest income	10	**9,302**	2,928
Other income	11	**124**	1,813
		38,992	(74)
Expenses			
Finance costs	13	**(9,879)**	(5,603)
General and administrative expenses	14	**(2,327)**	(1,328)
Provision for impairment of receivables		**(381)**	(375)
Impairment in value of available for sale investments		**(121)**	-
Foreign exchange gain/(loss)		**546**	(51)
Profit/(loss) before contribution to KFAS, NLST, Zakat and Directors' remuneration		**26,830**	(7,431)
Contribution to Kuwait Foundation for the Advancement of Sciences (KFAS)		**(241)**	-
National Labour Support Tax (NLST)		**(543)**	-
Zakat		**(16)**	-
Directors' remuneration		**(150)**	-
Profit/(loss) for the year		**25,880**	(7,431)
Attributable to:			
Shareholders of the parent company		**25,880**	(7,431)
Minority interest		**-**	-
		25,880	(7,431)
Basic and diluted earnings/(loss) per share	15	**55 fils**	(16) Fils

The notes set out on pages 37 to 70 form an integral part of these consolidated financial statements.

Consolidated balance sheet

	Notes	31 Dec. 2007 KD '000	Restated 31 Dec. 2006 KD '000
Assets			
Cash and bank balances	27	**499**	588
Money at call and short notice	27	**392**	2,065
Accounts receivable and other assets	16	**79,457**	23,186
Investments at fair value through statement of income	17	**23,505**	44,580
Available for sale investments	18	**37,744**	8,477
Non-current asset held for sale	19	**-**	30,189
Investments in associates	20	**65,872**	38,483
Investment properties	21	**328**	-
Property and equipment		**1,120**	1,118
Total assets		**208,917**	148,686
Liabilities and equity			
Liabilities			
Due to banks and other financial institutions	27	**148**	109
Accounts payable and other liabilities	22	**5,341**	2,991
Loans payable	23	**108,652**	74,733
Total liabilities		**114,141**	77,833
Equity attributable to the shareholders of the parent company			
Share capital	24	**52,108**	52,108
Treasury shares	25	**(6,575)**	(6,053)
Treasury shares reserve		**111**	71
Statutory reserve	26	**11,647**	8,964
Voluntary reserve	26	**1,991**	1,991
Foreign currency translation reserve		**4,215**	3,525
Fair value reserve		**(741)**	1,492
Retained earnings		**31,952**	8,755
		94,708	70,853
Minority interest		**68**	-
Total equity		**94,776**	70,853
Total liabilities and equity		**208,917**	148,686

Sulaiman K. Al-Sahli
Chairman

Khaled A. Al-Usaimi
Managing Director

The notes set out on pages 37 to 70 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Attributable to shareholders of the parent company									Minority interest	Total
	Share capital	Treasury shares	Treasury shares reserve	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Sub Total		
	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000	KD '000
At 1 January 2007	52,108	(6,053)	71	8,964	1,991	892	1,492	17,057	76,522	-	76,522
Prior year adjustment (Note 20)	-	-	-	-	-	2,633	-	(8,792)	(6,159)	-	(6,159)
Adjustment to retained earnings of associate	-	-	-	-	-	-	-	490	490	-	490
At 1 January 2007 as restated	52,108	(6,053)	71	8,964	1,991	3,525	1,492	8,755	70,853	-	70,853
Change in fair value of available for sale investment during the year	-	-	-	-	-	-	(2,233)	-	(2,233)	-	(2,233)
Foreign currency translation gain	-	-	-	-	-	690	-	-	690	-	690
Total income and expenses recognised directly in equity	-	-	-	-	-	690	(2,233)	-	(1,543)	-	(1,543)
Profit for the year	-	-	-	-	-	-	-	25,880	25,880	-	25,880
Total income and expenses for the year	-	-	-	-	-	690	(2,233)	25,880	24,337	-	24,337
Purchase of treasury shares	-	(543)	-	-	-	-	-	-	(543)	-	(543)
Sale of treasury shares	-	21	-	-	-	-	-	-	21	-	21
Treasury shares reserve	-	-	40	-	-	-	-	-	40	-	40
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	68	68
Transfer to statutory reserve	-	-	-	2,683	-	-	-	(2,683)	-	-	-
At 31 December 2007	**52,108**	**(6,575)**	**111**	**11,647**	**1,991**	**4,215**	**(741)**	**31,952**	**94,708**	**68**	**94,776**

The notes set out on pages 37 to 70 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity (continued)

	Attributable to shareholders of the parent company									Minority interest	Total
	Share capital KD '000	Treasury shares KD '000	Treasury shares reserve KD '000	Statutory reserve KD '000	Voluntary reserve KD '000	Foreign currency translation reserve KD '000	Fair value reserve KD '000	Retained earnings KD '000	Sub Total KD '000	KD '000	KD '000
At 1 January 2006	43,423	(6,183)	-	8,964	1,991	662	1,073	42,161	92,091	343	92,434
Prior year adjustment (Note 20)	-	-	-	-	-	1,887	-	(11,401)	(9,514)	-	(9,514)
At 1 January 2006 as restated	43,423	(6,183)	-	8,964	1,991	2,549	1,073	30,760	82,577	343	82,920
Change in fair value of available for sale investment during the year	-	-	-	-	-	-	382	-	382	-	382
Realised gain on sale of available for sale investments	-	-	-	-	-	-	60	-	60	-	60
Share of change in associate's fair value reserve	-	-	-	-	-	-	(23)	-	(23)	-	(23)
Foreign currency translation differences	-	-	-	-	-	918	-	-	918	-	918
Total income and expenses recognised directly in equity	-	-	-	-	-	918	419	-	1,337	-	1,337
Loss for the year	-	-	-	-	-	-	-	(7,431)	(7,431)	-	(7,431)
Total income and expenses for the year	-	-	-	-	-	918	419	(7,431)	(6,094)	-	(6,094)
Dividend distribution	-	-	-	-	-	-	-	(5,889)	(5,889)	-	(5,889)
Issue of bonus shares	8,685	-	-	-	-	-	-	(8,685)	-	-	-
Purchase of treasury shares	-	(46)	-	-	-	-	-	-	(46)	-	(46)
Sale of treasury shares	-	176	-	-	-	-	-	-	176	-	176
Treasury shares reserve	-	-	71	-	-	-	-	-	71	-	71
Liquidation of a subsidiary	-	-	-	-	-	58	-	-	58	(343)	(285)
At 31 December 2006	52,108	(6,053)	71	8,964	1,991	3,525	1,492	8,755	70,853	-	70,853

The notes set out on pages 37 to 70 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows

	Note	Year ended 31 Dec. 2007 KD '000	Restated Year ended 31 Dec. 2006 KD '000
OPERATING ACTIVITIES			
Profit/(loss) before tax		**26,830**	(7,431)
Adjustments for:			
Depreciation		**58**	62
Finance costs		**9,879**	5,603
Provision for impairment of receivables		**381**	375
Interest income		**(9,302)**	(2,928)
Dividend income		**(2,304)**	(2,418)
Unrealised (gain)/loss on investments at fair value through statement of income		**(2,495)**	10,669
Gain on sale of available for sale investments		**(213)**	(271)
Income from sale of investment properties		**-**	(296)
Impairment in value of available for sale investments		**121**	-
Gain on sale of non-current asset held for sale		**(1,025)**	-
Share of results of associates		**(8,038)**	(1,035)
Foreign exchange gain on non-operating assets and liabilities		**(780)**	562
		13,112	2,892
Changes in operating assets and liabilities:			
Investments at fair value through statement of income		**23,570**	9,344
Accounts receivable and other assets		**(56,652)**	(20,014)
Accounts payable and other liabilities		**1,240**	(1,048)
Cash used in operations		**(18,730)**	(8,826)
KFAS paid		**(285)**	-
NLST paid		**-**	(420)
Directors' remuneration paid		**-**	(150)
Net cash used in operating activities		**(19,015)**	(9,396)
INVESTING ACTIVITIES			
Purchase of available for sale investments		**(32,992)**	(4,158)
Proceeds from sale and redemption of available for sale investments		**1,482**	1,205
Purchase of investment properties		**(328)**	-
Proceeds from sale of investment properties		**-**	1,400
Purchase of equipment		**(60)**	(3)
Proceeds from disposal of investment held for sale		**31,214**	-
Income from available for sale investments		**213**	271
Acquisition of investment in associates		**(20,862)**	(5,855)
Disposal/redemption of investment in associates		**1,397**	291
Dividend income received		**2,304**	2,418
Dividend received from associates		**817**	1,161
Interest income received		**9,302**	2,928
Net cash (used in)/from investing activities		**(7,513)**	(342)
FINANCING ACTIVITIES			
Dividend paid		**-**	(5,889)
Purchase of treasury shares		**(543)**	(46)
Sale of treasury shares		**61**	247
Net increase in loans		**34,575**	20,859
Minority interest		**68**	(343)
Finance costs paid		**(9,434)**	(5,542)
Net cash from financing activities		**24,727**	9,286
Decrease in cash and cash equivalents		**(1,801)**	(452)
Cash and cash equivalents at the beginning of the year	27	**2,544**	2,996
Cash and cash equivalents at the end of the year	27	**743**	2,544

The notes set out on pages 37 to 70 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
At 31 December 2007

1 Incorporation and activities

Coast Investment & Development Co. – KSC (Closed) (the parent company) is a Kuwaiti closed shareholding company incorporated on 29 July 1975 under the Commercial Companies Law of 1960, as amended and its shares are quoted on the Kuwait Stock Exchange. The parent company is regulated by the Central Bank of Kuwait as an investment company.

The group comprises the parent company and its subsidiaries. Details of subsidiary companies are set out in Note 5.

The group is engaged in various types of investment activities.

The address of the parent company's registered office is PO Box 26755, Safat 13128, State of Kuwait.

The consolidated financial statements for the year ended 31 December 2007 were authorised for issue by the parent company's board of directors on 13 March 2008 and are subject to the approval of the general assembly of the shareholders.

2 Adoption of new and revised International Financial Reporting Standards

In the current year, the group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007, and the consequential amendments to IAS 1 Presentation of Financial Statements and IFRIC 10 Interim Financial Reporting and Impairment effective for annual reporting periods beginning 1 November 2006.

IFRS 7 Financial Instruments: Disclosures

IFRS 7 is mandatory for annual reporting periods beginning on 1 January 2007 or later. The new standard replaces and amends disclosure requirements previously set out in IAS 32 Financial Instruments: Presentation and Disclosures. All disclosures relating to financial instruments including all comparative information have been updated to reflect the new requirements. In particular, the group's financial statements now feature:

A sensitivity analysis, to explain the group's market risk exposure in regards to its financial instruments, and

Net gain or loss on each category of financial assets

each at the balance sheet date. The first time adoption of IFRS 7, however, has not resulted in any prior-period adjustments of cash flows, net income or balance sheet line items. Comparative information has been revised where necessary.

2 Adoption of new and revised International Financial Reporting Standards (continued)

IAS 1 Presentation of Financial Statements

In accordance with the amendments to IAS 1 Presentation of Financial Statements, the group now reports on its objectives, policies and procedures for managing capital.

IFRIC 8 Scope of IFRS2

This interpretation requires IFRS 2 to be applied to any arrangement in which the entity cannot identify specifically some or all of the goods received in particular where equity instruments are issued for consideration which appears to be less than fair value. This interpretation did not impact the financial position or performance of the group.

IFRIC 10 Interim Financial Reporting and Impairment

IFRIC 10 Interim Financial Reporting and Impairment prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and financial assets carried at amortised cost to be reversed at a subsequent balance sheet date. This interpretation did not have any impact on the group's financial statements.

The following new standards and interpretations which are yet to become effective have not been adopted:

IFRS 8 Operating Segments (effective for annual periods on or after 1 January 2009)

IAS 1 (Revised) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009)

IAS 23 (Revised) Borrowing costs (effective for accounting periods beginning on or after 1 January 2009)

IFRIC 11 IFRS 2 Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007)

Based on the group's current business model and accounting policies, management does not expect material impact on the group's financial statements in the period of initial applications of the above interpretations.

2 Adoption of new and revised International Financial Reporting Standards (continued)

IFRS 8 Operating Segments

IFRS 8 Operating Segments is a disclosure standard which may result in a redesignation of the group's reportable segments but is not expected to have any impact on the results of financial position of the group.

IAS 1 (Revised) Presentation of Financial Statements

IAS 1 Presentation of Financial Statements has been revised to require that an entity must present all non-owner changes in equity either in one statement of comprehensive income or in two separate statements (i.e. a statement of income and a statement of comprehensive income). Components of comprehensive income such as changes in revaluation surplus, gains and losses on remeasuring available for sale investments and gains and losses arising from translating the financial statements of foreign operation may not be presented in the statement of changes in equity. The application of the revised standard is not expected to result in any prior period adjustments of cash flow, net income or balance sheet line items in the initial period of application.

IAS 23 (Revised) Borrowing Costs

IAS 23 Borrowing Costs has been amended resulting into elimination of the previously available option to expense all borrowing costs when incurred. Under the revised standard, all borrowing costs that are directly attributable to qualifying assets are to be capitalised. The application of the revised standard is not expected to have a material impact on the consolidated financial statements in the period of initial application.

The group does not intend to apply any of the above pronouncements early.

The following standards, amendments and interpretations are mandatory for reporting periods beginning on or after 1 January 2007 but they are not relevant to the group's operations:

IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyper-Inflationary Economies; and

IFRIC 9 Reassessment of Embedded Derivatives.

3 Significant accounting policies

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below:

Basis of preparation

The consolidated financial statements have been prepared in accordance with the regulations of the Government of Kuwait for financial services institutions regulated by the Central Bank of Kuwait. These regulations require adoption of all International Financial Reporting Standards (IFRS) except for the IAS 39 requirements for a collective provision, which has been replaced by the Central Bank of Kuwait's requirement for a minimum general provision as described under the accounting policy for impairment of financial assets.

The consolidated financial statements are prepared under the historical cost convention modified to include the measurement at fair value of investments at fair value through statement of income, available for sale investments and investment properties.

The accounting policies used in the preparation of the consolidated financial statements are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2006 except for the adoption of the revised and new standards discussed in Note 2.

The consolidated financial statements have been presented in Kuwaiti Dinars which is the parent company's functional and presentation currency.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the parent company for the year ended 31 December 2007, and the financial statements of its subsidiaries prepared to that date, or to a date not earlier than three months of the parent's company's year end using consistent accounting policies.

Subsidiaries are those enterprises controlled by the parent company. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating polices of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

The financial statements of the subsidiaries are consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Any significant intra-group balances and transactions, and any unrealised gains or losses arising from intra-group transactions, are eliminated on consolidation. Adjustments are made for non-uniform accounting policies.

3 Significant accounting policies (continued)

Minority interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the consolidated statement of income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of minority interests are accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired is recognised as goodwill.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the group's share of the fair value of the net identifiable assets of the acquired subsidiary or associate as at the date of the acquisition. Goodwill arising on the acquisition of a subsidiary is recognised as a separate asset in the balance sheet. Goodwill arising on the acquisition of an associate is included within the carrying amount of the investment. Any excess, at the date of acquisition, of the group's share in the fair value of the net identifiable assets acquired over the cost of the acquisition is recognised as negative goodwill.

Goodwill is stated at cost less impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. Negative goodwill arising on an acquisition is recognised directly in the consolidated statement of income.

Revenue recognition

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the rate applicable.

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

Management and incentive fees, relating to fiduciary client portfolios, fund management and custody services, are recognised when earned.

Finance costs

Finance costs are recognised on a time proportion basis, taking into account the loan outstanding and the applicable interest rate.

Investment securities

The group classifies its investment securities as follows:

- Available for sale
- Investments at fair value through statement of income

3 Significant accounting policies (continued)

Available for sale investments

After initial recognition at cost including transaction costs associated with the acquisition, available for sale investments are remeasured at fair value unless fair value cannot be reliably measured.

Changes in fair value of the investments are reported as a separate component of equity until the investment is either derecognised or the investment is determined to be impaired. On derecognition or impairment, the cumulative gain or loss previously reported in equity is included in the consolidated statement of income. Reversal of previously recognised impairment losses in the consolidated statement of income are recorded as an increase in cumulative changes in fair value.
Investments at fair value through statement of income

Investments at fair value through statement of income are initially recognised at fair value, excluding transaction costs. These investments are either investments held for trading or non-trading investments designated upon initial recognition as at fair value through statement of income.

Held for trading investments are acquired principally for the purpose of selling or repurchasing it in the near term or are a part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking.

Designated investments are non-trading investments which are designated as investments at fair value through statement of income on initial recognition because these are quoted in an active market and their fair value can be reliably measured.

After initial recognition, investments at fair value through statement of income are remeasured at fair value.

Gains or losses arising either from the sale or changes in fair value of "investments at fair value through statement of income" are recognised in the consolidated statement of income.

Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the entity commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

3 Significant accounting policies (continued)

Recognition and de-recognition of financial assets and liabilities

A financial asset or a financial liability is recognised when the group becomes a party to the contractual provisions of the instrument. A financial asset (or where applicable a part of a financial asset or a part of group of financial assets) is de-recognised either when the rights to receive cash flows from the asset have expired;

The group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or

The group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in consolidated statement of income.

Impairment and uncollectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of income. Impairment is determined as follows:

a) For assets carried at fair value, impairment is the difference between cost and fair value; and

b) For assets carried at cost, impairment is the difference between cost and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

In addition, in March 2007, the Central Bank of Kuwait issued a circular amending the basis of making general provisions of facilities changing the rate from 2% to 1% for cash facilities and 2% to 0.5% for non-cash facilities. The required rates were to be applied effective from 1 January 2007 on the net increase in facilities, net of certain restricted categories of collateral, during the reporting period. The general provision in excess of the present 1% for cash facilities and 0.5% for non-cash facilities has been retained as a general provision until a further directive from the Central Bank of Kuwait is issued.

3 Significant accounting policies (continued)

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised. Except for equity instruments classified as available for sale, reversals of impairment losses are recognised in the consolidated statement of income to the extent the carrying value of the asset does not exceed its amortised cost at the reversal date. Reversals in respect of equity instruments classified as available for sale are recognised in the fair value reserve.

Fair values

For investments traded in organised financial markets, fair value is determined by reference to stock exchange quoted market bid prices at the close of business on the balance sheet date.

For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on an earnings multiple, or an industry specific earnings multiple or is based on the expected cash flows of the investment discounted at current rates applicable for items with similar terms and risk characteristics. Fair value estimates take into account liquidity constraints and assessment for any impairment. Investments for which there is no reliable measure of fair value are carried at cost less impairment.

The determination of fair value is done for each investment individually.

Non-current assets held for sale

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Investment in associates

An associate is an entity over which the group exerts significant influence. Investments in associates are accounted for under the equity method of accounting. Where an associate is acquired and held exclusively for resale, it is accounted for as a non-current asset held for resale under IFRS 5.

Under the equity method, the investment in associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the group's share of the associate's equity. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. The group recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date that influence effectively commenced until the date that it effectively ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying

3 Significant accounting policies (continued)

amount may also be necessary for changes in the group's share in the associate arising from changes in the associate's equity. The group's share of those changes is recognised directly in equity.

Unrealised gains on transactions with associate are eliminated to the extent of the group's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment for impairment of investments in associates is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

The associate's financial statements are prepared either to the parent company's reporting date, or to a date not earlier than three months of the parent company's reporting date using consistent accounting policies where practicable.

Investment properties

Investment properties are initially recorded at cost, being the purchase price and any directly attributable expenditure for a purchased investment property and cost at the date when construction or development is complete for a self constructed investment property. Subsequent to initial recognition, investment properties outside Kuwait are re-measured at fair value on an individual basis based on an external valuation by an independent registered valuer and for properties inside Kuwait by two independent registered valuers. Gains and losses arising either from remeasurement to fair value or the sale of investment properties are included in the consolidated statement of income.

Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and impairment losses. The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed recoverable amounts assets are written down to their recoverable amounts.

Depreciation

Land is not depreciated. Depreciation is provided for all other property and equipment at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life. The estimated useful life of the building is 20 years and 5 years for all other assets. The useful economic lives of assets are reviewed annually and revised where necessary.

3 Significant accounting policies (continued)

Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and then its recoverable amount is assessed as part of the cash-generating unit to which it belongs. Where the carrying amount of an asset (or cash-generating unit) exceeds its recoverable amount, the asset (or cash-generating unit) is considered impaired and is written down to its recoverable amount by recognising impairment loss in the consolidated statement of income. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash-generating unit). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by available fair value indicators.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount of the cash-generating units to which goodwill has been allocated, an impairment loss is recognised immediately in statement of income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The company performs its annual impairment test of goodwill as at 31 December.

Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) arising from a past event and the costs to settle the obligation are both probable and able to be reliably measured.

3 Significant accounting policies (continued)

Treasury shares

The parent company's own shares are accounted for as treasury shares and are stated at cost. When the treasury shares are sold, gains are credited to a separate account in shareholders' equity (treasury shares reserve) which is non-distributable. Any realised losses are charged to the same account to the extent of the credit balance on that account. Any excess losses are charged to retained earnings then reserves. Gains realised subsequently on the sale of treasury shares are first used to offset any previously recorded losses in the order of reserves, retained earnings and the treasury shares reserve account. No cash dividends are distributed on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and current accounts, money at call and short notice with an original maturity of less than three months from inception net of due to banks and other financial institutions.

Foreign currencies

The consolidated financial statements are presented in Kuwaiti Dinars, which is the parent company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to gain/ loss on foreign currency translation in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at closing rate.

3 Significant accounting policies (continued)

Group companies

As at the reporting date, the assets and liabilities of foreign subsidiaries, and the carrying value of foreign associates, are translated into the parent company's presentation currency (the Kuwaiti Dinars) at the rate of exchange ruling at the balance sheet date, and their income statements are translated at the average exchange rates for the year. Exchange differences arising on translation are taken directly to foreign exchange translation reserve within equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to the particular foreign operation is recognised in the consolidated statement of income.

Fiduciary assets

Assets held in trust or fiduciary capacity are not treated as assets of the group and, accordingly, are not included in the consolidated balance sheet.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting polices, which are described in note 3, management is required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Valuation of unquoted equity investments

Valuation of unquoted equity investments is normally based on one of the following:

- recent arm's length market transactions;
- current fair value of another instrument that is substantially the same;
- an earnings multiple or industry specific multiple;

4 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

- the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics; or
- other valuation models.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation.

Critical judgements in applying accounting polices

In the process of applying the group's accounting policies, management has made the following significant judgements, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements:

Classification of real estate property

Management decides on acquisition of a real estate property whether it should be classified as trading, property held for development or investment property.

The group classifies property as trading property if it is acquired principally for sale in the ordinary course of business.

The group classifies property as property under development if it is acquired with the intention of development.

The group classifies property as investment property if it is acquired to generate rental income or for capital appreciation, or for undetermined future use.

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held for trading, at fair value through statement of income, or available for sale.

The group classifies investments as trading if they are acquired primarily for the purpose of making a short term profit by the dealers.

Classification of investments as investment at fair value through income statement depends on how management monitor the performance of these investments. When they are not classified as held for trading but have readily available reliable fair values and the changes in fair values are reported as part of statement of income in the management accounts, they are classified as at fair value through statement of income.

All other investments are classified as available for sale.

5 Subsidiary companies

Details of subsidiary companies are set out below:

	Country of incorporation	Percentage ownership % 2007	2006	Principal activity
Coast Creative Development Corporation	USA	**-**	80	Real estate investment
Coast Investments Limited	British Virgin Islands	**100**	100	Investment services
Coast Holding Corporation	USA	**100**	-	Investment services
Winters Estate LLC	USA	**80**	-	Real estate investment

During the year the group decided to liquidate its subsidiary Coast Creative Development Corporation. The revenue, expenses and net assets of the subsidiary were immaterial at the balance sheet date.

6 Realised gain on investments at fair value through statement of income

	2007 KD '000	2006 KD '000
Trading investments	**10,991**	532
Investments designated as investments at fair value through statement of income	**3**	25
	10,994	557

7 Unrealised gain/(loss) on investments at fair value through statement of income

	2007 KD '000	2006 KD '000
Unrealised gain/(loss) on trading investments	**1,064**	(10,273)
Unrealised gain/(loss) on investments designated as at fair value through statement of income	**1,431**	(396)
	2,495	(10,669)

8 Dividend income

	2007 KD '000	2006 KD '000
Trading investments	**2,036**	2,043
Investments designated as investments at fair value through statement of income	**268**	375
	2,304	2,418

9 Management fees

Management fees relates to income arising from the group's management of portfolios, funds, custody and similar trust and fiduciary activities.

10 Interest income

	2007 KD '000	2006 KD '000
Money at call and short notice	**25**	14
Accounts receivable and other assets	**9,277**	2,914
	9,302	2,928
Interest income on financial assets not at fair value through income statement	**9,302**	2,928
	9,302	2,928

11 Other income

Other income includes incentive fees of KD Nil (2006: KD1,692 thousand) from a fund managed by the parent company.

12 Net gain or (loss) on financial assets

Net gain or (loss) on financial assets, analysed by category, is as follows:

	2007 KD '000	2006 KD '000
Money at call and short notice	**25**	14
Trading investments	**14,091**	(7,698)
Investments designated as investments at fair value through statement of income	**1,702**	4
Available for sale investments	**92**	271
Accounts receivable and other assets	**8,896**	2,539
Net realised and unrealised gain/(loss)	**24,806**	(4,870)
Net unrealised (loss)/gain recognised in equity	**(2,233)**	382
	22,573	(4,488)

13 Finance costs

Finance costs relate to group's borrowings: loans payable and due to banks and other financial institutions. All these financial liabilities are stated at amortised cost.

14 General and administrative expenses

	2007 KD '000	2006 KD '000
Staff costs	**1,781**	959
Other expenses	**488**	307
Depreciation expenses	**58**	62
	2,327	1,328

15 Basic and diluted earnings/(loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the (loss)/profit for the year attributable to the shareholders of the parent company by the weighted average number of shares excluding treasury shares.

	2007	Restated 2006
Profit/(loss) for the year attributable to shareholders of the parent company (KD '000)	**25,880**	(7,431)
Weighted average number of shares (excluding treasury shares)	**472,158,381**	471,261,511
Basic and diluted earnings/(loss) per share	**55 Fils**	(16) Fils

16 Accounts receivable and other assets

	2007 KD '000	2006 KD '000
Financing of future trades by customers	**59,186**	21,128
Due from Kuwait Clearing Company	**1,358**	242
Due from associate on sale of non – current asset held for sale (Note 19)	**15,703**	-
Due from Middle Coast Trading Co.	**2,500**	-
Accrued income	**557**	379
Other assets	**153**	1,437
	79,457	23,186

17 Investments at fair value through statement of income

	2007 KD '000	2006 KD '000
Held for trading		
Local quoted securities	**11,995**	34,392
Local unquoted securities	**-**	165
	11,995	34,557
Designated		
Local quoted securities	**-**	289
Local unquoted securities	**6,619**	6,244
Local mutual funds (investing in quoted securities)	**3,067**	2,021
Foreign mutual funds	**1,359**	1,246
Foreign quoted securities	**465**	223
	11,510	10,023
	23,505	44,580

18 Available for sale investments

	2007 KD '000	Restated 2006 KD '000
Quoted Investments	**26,830**	-
Unquoted investments	**10,914**	8,477
	37,744	8,477

Unquoted investments include investments in private equity funds amounting to KD6,250 thousand (2006: KD5,084 thousand). Information for these investments is limited to periodic financial reports provided by the investment managers. These investments are carried at net asset values reported by the investment managers. Due to the nature of these investments, the net asset values reported by the investment managers represent the best estimate of fair values available for these investments.

Investments amounting to KD3,635 thousand (2006: KD3,393 thousand) are stated at cost due to the unpredictable nature of future cash flows and the unavailability of other information to arrive at a reliable measure of fair value. Management is not aware of any indication of impairment in respect of these investments.

An investment with a carrying amount of KD15,489 thousand was reclassified during the year to investments in associates (Note 20).

19 Non-current asset held for sale

This represented parent company's 28.01% holding in a European manufacturing company. During the year, management completed the sale and sold this investment to a related party (an associate) and recorded a gain of KD1,025 thousand. The balance of KD15,703 thousand of the total sales consideration has been included within accounts receivable and other assets.

20 Investments in associates

Details of associates are set out below:

Name	Country of incorporation	Voting capital held % 2007	2006	Principal activity
Rico GmbH (unquoted)	Germany	**23.73**	23.73	Manufacturing
Weinig Int'l A.G.	Germany	**14.37**	-	Manufacturing
Coast Investment Fund	Kuwait	**29.09**	28.09	Investing activities
Coast Mutajara Fund	Kuwait	**50.00**	-	Investing activities
Aqar Real Estate Investment Co. – KSC (Closed) (quoted)	Kuwait	**20.08**	18.92	Real estate activities
Kuwait German Holding Co. – KSCC (Unquoted)	Kuwait	**30.00**	30.00	Investing activities

Carrying amount of investments in associates:

	2007 KD '000	Restated 2006 KD '000
Balance as at 1 January, as reported	**28,663**	26,133
Reclassification of associate	**15,489**	15,489
Adjustment to equity	**(5,669)**	(9,514)
Carrying amount as at 1 January, as restated	**38,483**	32,108
Additions	**20,862**	5,855
Redemptions during the year	**(1,397)**	(291)
Share of results	**8,038**	1,035
Dividend received	**(817)**	(1,161)
Foreign exchange translation adjustments	**703**	937
Carrying amount at 31 December	**65,872**	38,483

Aggregate share of associates' balance sheet:	**KD '000**	KD '000
Total assets	**84,431**	54,762
Total liabilities	**(20,010)**	(17,730)
Net Assets	**64,421**	37,032
Aggregate share of associates' revenue and profit:		
Revenue	**12,532**	14,013
Profit	**8,038**	1,035

20 Investments in associates (continued)

The carrying amount of the investment in Aqar Real Estate Investment Company –KSC (Closed) includes goodwill of KD1,451 thousand.

Investments in associates with a carrying value of KD36,662 thousand (2006: KD25,476 thousand) have a fair value of KD38,139 thousand (2006: KD25,808 thousand) based on market bid prices. The fair value of the remaining investment could not be reliably determined.

a) During the year, the parent company's management reclassified its residual equity interest of 14.37% in a European manufacturing company (the investee), which at 31 December 2006 was classified as available for sale investments, to investment in associate based on the parent company's ability to exercise significant influence over the operations of the investee by virtue of its representation on the investee's supervisory and management boards. Prior to reclassification as "available for sale investment" at 31 December 2006, the investment was part of "non-current asset held for sale" which represented the parent company's entire interest in the investee. In accordance with IFRS 5 "non-current asset held for sale" and IAS 28 "Investments in Associates", the residual interest in the investee was accounted for under the equity method of accounting retrospectively. As a result, the parent company reversed positive fair value adjustments of KD10,729 thousand recorded in prior years and recorded its share of the investee's retained earnings of KD873 thousand and foreign currency translation adjustments of KD1,887 thousand as at 31 December 2005 as prior period adjustments to retained earnings and foreign currency translation reserve respectively as at 31 December 2005.

b) During the year 2006, parent company acquired additional shares in Aqar Real Estate Investment Company – KSC (Closed) increasing its equity interest to 18.92%. In addition, the parent company secured the board representation giving it significant influence over Aqar Real Estate Investment Company – KSC (Closed), as a result of which it is classified as investment in associate. In the year 2005, the investment was accounted for under IAS 39 and classified as investment at fair value through statement of income. In accordance with IFRS 3 "Business Combination", the parent company reversed previously recognised fair value adjustments and accounted for share of accumulated retained earnings of Aqar Real Estate Investment Company – KSC (Closed) prior to the combination under IFRS 3 resulting in an adjustment of KD1,545 thousand to retained earnings as at 31 December 2005.

21 Investment properties

	2007 KD '000	2006 KD '000
Carrying amount at 1 January	**-**	1,107
Additions	**328**	-
Disposal	**-**	(1,107)
Carrying amount at 31 December	**328**	-

22 Accounts payable and other liabilities

	2007 KD '000	2006 KD '000
Accrued expenses	**2,066**	688
Other liabilities	**3,275**	2,303
	5,341	2,991

23 Loans payable

	Effective interest rate %	Security	2007 KD '000	2006 KD '000
Loans in KD	8.25 – 9.00	Unsecured	**89,385**	54,810
Loans in U.S. Dollars	6.96 – 8.5	Unsecured	**15,120**	16,014
Loans in EURO	6.6	Unsecured	**4,147**	3,909
			108,652	74,733

24 Share capital

	Authorised, Issued and fully paid	
	2007	2006
Shares of KD0.100 each	**521,077,627**	521,077,627

25 Treasury shares

	2007	2006
Number of shares	**50,041,301**	48,701,301
Percentage of holding	**9.60%**	9.35%
Market value (KD '000)	**19,766**	8,766

Reserves of the parent company equivalent to the cost of treasury shares have been earmarked as non-distributable.

26 Statutory and voluntary reserves

The statutory reserve is held by the parent company. As required by the Commercial Companies Law of Kuwait and the parent company's articles of association, 10% of the profit before KFAS, NLST, Zakat and board of directors' remuneration for each year attributable to the shareholders of the parent company is transferred to the statutory reserve. The parent company may resolve to discontinue such annual transfers when the reserve totals 50% of the paid-up share capital. No transfer is required in a year when losses are made or there are losses brought forward. Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend of 5% of paid-up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

The parent company's articles of association require that 10% of the profit before KFAS, NLST, Zakat and board of directors' remuneration for the year attributable to the shareholders of the parent company should be transferred to a voluntary reserve. The shareholders resolved to discontinue transfer to voluntary reserve at the general assembly held on 3 May 2003.

27 Cash and cash equivalents

	2007 KD '000	2006 KD '000
Cash and current accounts	**499**	588
Money at call and short notice	**392**	2,065
Due to banks and other financial institutions	**(148)**	(109)
	743	2,544

Balances with banks are placed with reputable international and local banks and earn normal commercial rates of interest. Accordingly, management believes that the group has no significant concentration of credit risk.

28 Proposed cash dividend and bonus shares

Subject to the requisite consent of the relevant authorities and approval from the general assembly, the board of directors propose to distribute a cash dividend of 15 Fils per share (2006: Nil) and bonus shares of 20% (2006: Nil) of the paid up share capital to the shareholders of record as of the date of the general assembly.

The annual general assembly of the shareholders held on 5 May 2007 approved the consolidated financial statements for the year ended 31 December 2006.

29 Related party transactions

These represent transactions with certain related parties (directors and executive officers of the parent company and their related concerns including funds managed by the parent company) entered into by the group in the ordinary course of business and key management compensation.

	2007 KD '000	2006 KD '000
Transactions included in the consolidated statement of income:		
Management fees (associate)	**3,898**	762
Incentive fees (associate)	**-**	1,692
Gain on sale of non-current asset held for sale (associate)	**1,025**	-
Included in the consolidated balance sheet:		
Due on sale of non-current asset held for sale (associate)	**15,703**	-
Key management compensation:		
Salaries and other short term benefits	**232**	298
Terminal benefits	**22**	28
	254	326

30 Segmental analysis

The group primarily operates in one business segment: investment. The group operates in three geographical segments: Kuwait and the Middle East, the United States of America and Europe. The geographical analysis of segment information is as follows:

	Kuwait and the Middle East KD '000	United States of America KD '000	Europe KD '000	Total KD '000
Year ended 31 December 2007				
Segment income	**37,065**	**333**	**1,594**	**38,992**
Segment results	**24,473**	**264**	**1,547**	**26,284**
Foreign exchange gain				**546**
Unallocated expenses				**(950)**
Profit for the year				**25,880**
As at 31 December 2007				
Segment assets	**188,883**	**4,025**	**16,009**	**208,917**
Segment liabilities	**112,289**	**10**	**-**	**112,299**
Unallocated liabilities				**1,842**
Total liabilities				**114,141**
Net assets				**94,776**
Year ended 31 December 2006				
Segment (loss)/income	(2,404)	422	1,908	(74)
Segment result	(9,710)	422	1,908	(7,380)
Foreign exchange loss				(51)
Loss for the year				(7,431)
As at 31 December 2006				
Segment assets	99,466	3,637	45,583	148,686
Segment liabilities	76,633	63	-	76,696
Unallocated liabilities				1,137
Total liabilities				77,833
Net assets				70,853

31 Fiduciary accounts

The group manages portfolios on behalf of others and maintains cash balances and securities in fiduciary accounts without risk of recourse to the group, which are not reflected in the consolidated balance sheet. Funds under management at 31 December 2007 amounted to KD436,277 thousand (2006 : KD270,692 thousand).

32 Capital commitments

At the balance sheet date the group had capital commitments of KD7,526 thousand (2006 : KD7,217 thousand) towards purchase of available for sale investments.

33 Risk management objectives and policies

The group's activities expose it to variety of financial risks: market risk (including currency risk, interest rate risk, price risk), credit risk and liquidity risk.

The parent company's board of directors is ultimately responsible for the overall risk management and for approving risk strategies and principles. The group's risk management is carried out by investment and audit committee and focuses on actively securing the group's short to medium term cash flows by minimizing the potential adverse effects on the group's financial performance through internal risk reports. Long term financial investments are managed to generate lasting returns.

The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The most significant financial risks to which the group is exposed to are described below.

33.1 Market risk

a) Foreign currency risk

The group mainly operates in the Kuwait and other Middle Eastern countries, the United States of America and Europe and is exposed to foreign currency risk arising from various foreign currency exposures, primarily with respect to US Dollar, Euro and UK Pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

To mitigate the group's exposure to foreign currency risk, management works on maintaining a balanced exposure of assets and liabilities by currency to minimize fluctuations and enter into forward or hedge contract, if needed, in accordance with the group's risks management polices. Generally, the group's risk management procedures distinguish short-term foreign currency cash flows (due within twelve months) from longer-term cash flows. Where the amounts to be paid and received in specific currency are expected to largely offset one another, no further hedging activity is undertaken. Forward foreign contracts may be entered into for significant long-term foreign currency exposures that are not expected to be offset by other currency transactions.

33 Risk management objectives and policies (continued)

33.1 Market risk (continued)

a) Foreign currency risk (continued)

The group had the following significant exposures denominated in foreign currencies, translated into Kuwaiti Dinar at the closing rate:

	2007	2006
	KD '000	KD '000
US Dollar	**(9,763)**	(11,171)
Euro	**10,665**	46,414
UK Pound	**111**	115

The foreign currency sensitivity is determined on the following assumptions:

	Exchange rate sensitivity %	
	2007	2006
US Dollar	**(3.78)**	**(0.33)**
Euro	**(2.89)**	**(8.56)**
UK Pound	**4.24**	**(5.06)**

The above percentages have been determined based on the average market volatility in exchange rates in the previous twelve months.

If the Kuwaiti Dinar had strengthened against the foreign currencies assuming the above sensitivity, then this would have the following impact on the profit for the year and equity:

	Profit for the year		Equity	
	2007	2006	**2007**	2006
	KD'000	KD'000	**KD'000**	KD'000
US Dollar	**(565)**	(52)	-	-
Euro	**120**	319	-	-
	(445)	267	-	-

33 Risk management objectives and policies (continued)

33.1 Market risk (continued)

a) Foreign currency risk (continued)

If the Kuwaiti Dinar had weakened against the foreign currencies assuming the above sensitivity, then this would have the following impact on the profit for the year and equity:

	Profit for the year		Equity	
	2007	2006	**2007**	2006
	KD'000	KD'000	**KD'000**	KD'000
US Dollar	**565**	52	-	-
Euro	**(120)**	(319)	-	-
	445	(267)	-	-

Exposures to foreign exchange rates vary during the year depending on the volume and nature of the transactions. Nonetheless, the analysis above is considered to be representative of the group's exposure to the foreign currency risk.

b) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The group is exposed to interest rate risk with respect to financing of future trades by customers (included in accounts receivable and other assets) and its borrowings. The financing of future trades by customers are for a period of twelve months or less from the date of financing and bear fixed rates of interest. The borrowings mainly represent short term money market borrowing and bear fixed rates of interest. The management has established levels of interest rate risk by setting limits on the interest rate gaps for stipulated periods.

Positions are monitored on a regular basis and hedging strategies maybe used to ensure positions are maintained within established limits.

The effective interest rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortised cost and a current rate for a floating rate instrument or an instrument carried at fair value.

33 Risk management objectives and policies (continued)

33.1 Market risk (continued)

b) Interest rate risk (continued)

The group's interest rate exposure based on earlier of contractual repricing arrangements and maturity at 31 December 2007 and 2006 was as follows:

	Up to 1 month KD '000	1-3 months KD '000	3-12 months KD '000	Over 1 year KD '000	Not exposed to interest rate risk KD '000	Total KD '000	Effective interest rate %
At 31 December 2007							
ASSETS							
Cash and bank balances	-	-	-	-	499	499	
Money at call and short notice	376	16	-	-	-	392	0.5-2
Accounts receivable and other assets	-	49,644	9,542	-	20,271	79,457	13
Investments at fair value through statement of income	-	-	-	-	23,505	23,505	-
Available for sale investments	-	-	-	-	37,744	37,744	-
Investments in associates	-	-	-	-	65,872	65,872	-
Investments in properties	-	-	-	-	328	328	-
Property and equipment	-	-	-	-	1,120	1,120	-
Total assets	376	49,660	9,542	-	149,339	208,917	
LIABILITIES							
Due to banks and other financial institutions	148	-	-	-	-	148	8-9
Accounts payable and other liabilities	-	-	-	-	5,341	5,341	-
Loans payable	29,801	48,891	12,860	17,100	-	108,652	8-9
Total liabilities	29,949	48,891	12,860	17,100	5,341	114,141	
At 31 December 2006							
ASSETS							
Cash and bank balances	-	-	-	-	588	588	-
Money at call and short notice	1,500	565	-	-	-	2,065	2 – 5
Accounts receivable and other assets	-	18,821	2,307	-	2,058	23,186	13
Investments at fair value through statement of income	-	-	-	-	44,580	44,580	-
Available for sale investments	-	-	-	-	8,477	8,477	-
Non-current asset held for sale	-	-	-	-	30,189	30,189	-
Investments in associates	-	-	-	-	38,483	38,483	-
Property and equipment	-	-	-	-	1,118	1,118	-
Total assets	1,500	19,386	2,307	-	125,493	148,686	
LIABILITIES							
Due to banks and other financial institutions	109	-	-	-	-	109	7- 8.5
Accounts payable and other liabilities	-	-	-	-	2,991	2,991	-
Loans payable	9,392	37,481	14,360	13,500	-	74,733	7 – 8.5
Total liabilities	9,501	37,481	14,360	13,500	2,991	77,833	

The group does not have any off balance sheet financial instruments which are used to manage the interest rate risk.

33 Risk management objectives and policies (continued)

33.1 Market risk (continued)

b) Interest rate risk (continued)

The following table illustrates the sensitivity of the profit for the year and equity to a reasonably possible change in interest rates of +.25% and -.25% (2006: +.25% and -.25%) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market condition. The calculation are based on the group's financial instruments exposed to interest rate risk held at each balance sheet date. All other variables are held constant.

	2007		2006	
	+ 0.25 % KD'000	**- 0.25 % KD'000**	+ 0.25 % KD'000	- 0.25 % KD'000
Profit for the year	**(43)**	**43**	(34)	34
Equity	**-**	**-**	-	-

c) Price risk

The group is exposed to equity price risk with respect to its equity investments. Equity investments are classified either as investments at fair value through statement of income (including trading securities) and available for sale securities. The majority of the group's investments are listed on the Kuwait Stock Exchange.

To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the group.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5% higher/lower, the effect on the profit for the year and equity for the year ended 31 December would have been as follows:

	Profit for the year		**Equity**	
	2007 KD'000	2006 KD'000	**2007 KD'000**	2006 KD'000
Kuwait Stock Exchange index + 5%	**1,210**	1,865	**1,307**	-
Kuwait Stock Exchange index – 5%	**(1,210)**	(1,865)	**(1,307)**	-

33.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The group credit policy and exposure to credit risk is monitored on an ongoing basis. The group seeks to avoid undue concentrations of risks with individuals or groups of customers in specific locations or business through diversification of its activities. It also obtains security when appropriate.

33 Risk management objectives and policies (continued)

33.2 Credit risk (continued)

The group's exposure to credit risk is limited to the carrying amounts of financial assets recognised at the balance sheet date, as summarized below:

	2007 KD '000	2006 KD '000
Bank balances	**498**	587
Money at call and short notice	**392**	2,065
Accounts receivables and other assets	**79,457**	23,186
	80,347	25,838

Information on other significant concentrations of credit risk is set out in note 33.3.

33 Risk management objectives and policies (continued)

33.3 Concentration of assets

The distribution of assets by geographic region and industry sector was as follows:

	GCC KD '000	Europe KD '000	USA KD '000	Total KD '000
At 31 December 2007				
Geographic region:				
Cash and bank balances	**499**	**-**	**-**	**499**
Money at call and short notice	**376**	**-**	**16**	**392**
Accounts receivable and other assets	**79,408**	**42**	**7**	**79,457**
Investments at fair value through statement of income	**22,146**	**1,161**	**198**	**23,505**
Available for sale investments	**30,710**	**3,558**	**3,476**	**37,744**
Investment in associates	**54,624**	**11,248**	**-**	**65,872**
Investment properties	**-**	**-**	**328**	**328**
Property and equipment	**1,120**	**-**	**-**	**1,120**
	188,883	**16,009**	**4,025**	**208,917**
Industry sector				
Trading and manufacturing	**2,555**	**11,248**	**-**	**13,803**
Banks and financial institutions	**153,351**	**4,719**	**2,897**	**160,967**
Real estate	**10,502**	**-**	**977**	**11,479**
Others	**22,475**	**42**	**151**	**22,668**
	188,883	**16,009**	**4,025**	**208,917**
At 31 December 2006				
Geographic region:				
Cash and bank balances	587	-	1	588
Money at call and short notice	2,065	-	-	2,065
Accounts receivable and other assets	22,845	41	300	23,186
Investments at fair value through statement of income	43,334	1,073	173	44,580
Available for sale investments	2,590	2,724	3,163	8,477
Non current asset held for sale	-	30,189	-	30,189
Investment in associates	26,927	11,556	-	38,483
Property and equipment	1,118	-	-	1,118
	99,466	45,583	3,637	148,686
Industry sector				
Trading and manufacturing	2,186	41,745	-	43,931
Banks and financial institutions	69,133	3,797	2,610	75,540
Real estate	9,743	-	1,027	10,770
Others	18,404	41	-	18,445
	99,466	45,583	3,637	148,686

33 Risk management objectives and policies (continued)

33.4 Liquidity risk

Liquidity risk is the risk that the group will be unable to meet its liabilities when they fall due. To limit this risk, the parent company's management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a regular basis.

The table below summarises the maturity profile of the group's assets and liabilities based on contractual repayment arrangements. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Maturity periods for investments at fair value through statement of income, available for sale investments and non-current assets held for sale are based on planned exit dates.

33 Risk management objectives and policies (continued)

33.4 Liquidity risk (continued)

The maturity profile of the assets and liabilities at 31 December 2007 and 2006 are as follows:

	Up to 1 month KD'000	1-3 months KD'000	3-12 months KD'000	1-3 years KD'000	Over 3 years KD'000	Total KD'000
At 31 December 2007						
ASSETS						
Cash and bank balances	**499**	**-**	**-**	**-**	**-**	**499**
Money at call and short notice	**376**	**16**	**-**	**-**	**-**	**392**
Accounts receivable and other assets	**587**	**51,853**	**27,017**	**-**	**-**	**79,457**
Investments at fair value through statement of income	**-**	**420**	**20,018**	**397**	**2,670**	**23,505**
Available for sale investments	**-**	**-**	**37,744**	**-**	**-**	**37,744**
Investments in associates	**-**	**-**	**-**	**-**	**65,872**	**65,872**
Investment in properties	**-**	**-**	**-**	**-**	**328**	**328**
Property and equipment	**-**	**-**	**-**	**-**	**1,120**	**1,120**
	1,462	**52,289**	**84,779**	**397**	**69,990**	**208,917**
LIABILITIES						
Due to banks and other financial institutions	**148**	**-**	**-**	**-**	**-**	**148**
Accounts payable and other liabilities	**4**	**1,900**	**3,437**	**-**	**-**	**5,341**
Loans payable	**29,801**	**48,891**	**12,860**	**6,600**	**10,500**	**108,652**
	29,953	**50,791**	**16,297**	**6,600**	**10,500**	**114,141**
At 31 December 2006						
ASSETS						
Cash and bank balances	588	-	-	-	-	588
Money at call and short notice	1,500	565	-	-	-	2,065
Accounts receivable and other assets	1,082	20,706	1,398	-	-	23,186
Investments at fair value through statement of income	-	2,608	39,951	233	1,788	44,580
Available for sale investments	-	-	8,477	-	-	8,477
Non-current asset held for sale	-	-	30,189	-	-	30,189
Investments in associates	-	-	-	-	38,483	38,483
Property and equipment	-	-	-	-	1,118	1,118
	3,170	23,879	80,015	233	41,389	148,686
LIABILITIES						
Due to banks and other financial institutions	109	-	-	-	-	109
Accounts payable and other liabilities	2	242	2,747	-	-	2,991
Loans payable	9,392	37,481	14,360	-	13,500	74,733
	9,503	37,723	17,107	-	13,500	77,833

33 Risk management objectives and policies (continued)

33.4 Liquidity risk (continued)

The maturity profile of financial liabilities at 31 December 2007 and 2006 based on undiscounted contractual arrangements is as follows:

	Up to 1 month KD'000	1-3 months KD'000	3-12 months KD'000	1-3 years KD'000	Over 3 years KD'000	Total KD'000
At 31 December 2007						
Due to banks and other financial institutions	**150**	**-**	**-**	**-**	**-**	**150**
Accounts payable and other liabilities	**4**	**1,900**	**3,437**	**-**	**-**	**5,341**
Loans payable	**30,261**	**49,853**	**13,640**	**7,359**	**12,534**	**113,647**
	30,415	**51,753**	**17,077**	**7,359**	**12,534**	**119,138**
At 31 December 2006						
Due to banks and other financial institutions	110	-	-	-	-	110
Accounts payable and other liabilities	2	242	2,747	-	-	2,991
Loans payable	9,471	38,010	14,387	-	16,716	78,584
	9,583	38,252	17,134	-	16,716	81,685

34 Summary of financial assets and liabilities by category

The carrying amounts of the group's financial assets and liabilities as stated in the consolidated balance sheet may also be categorized as follows:

	2007 KD '000	2006 KD '000
Cash and bank balances	**499**	588
Money at call and short notice	**392**	2,065
Accounts receivable and other assets-at amortised cost	**79,457**	23,186
Financial assets at fair value through statement of income:		
• Trading investments	**11,995**	34,557
• Investments at fair value through statement of income	**11,510**	10,023
Available for sale investments	**37,744**	8,477
	141,597	78,896
Financial liabilities at amortised cost:		
• Due to banks and other financial institutions	**148**	109
• Loans payable	**108,652**	74,733
Accounts payable and other liabilities-at amortised cost	**5,341**	2,991
	114,141	77,833

35 Capital risk management

The group's capital management objectives are to ensure the group's ability to continue as a going concern and to provide adequate return to its shareholders through the optimization of the capital structure.

The group manages the capital structure and makes adjustments in the light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the group consists of the following:

	2007 KD '000	2006 KD '000
Loans payable (note23)	**108,652**	74,733
Less: Cash and cash equivalents (note27)	**(743)**	(2,544)
Net debt	**107,909**	72,189
Equity attributable to the shareholders of the parent company	**94,708**	70,853
Less: Fair value reserve	**741**	(1,492)
Total capital	**95,449**	69,361

Consistent with others in the industry, the group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital as follows:

	2007 KD '000	2006 KD '000
Net debt	**107,909**	72,189
Total capital	**95,449**	69,361
Gearing ratio	**1.13**	1.04

36 Comparative figures

The comparative figures for available for sale investments and investments in associates have been decreased/increased by KD15,489 thousand respectively as a result of reclassification of an investment from available for sale investments to investments in associates during the current and prior year. The effect of this reclassification on reported profits for the current year and prior year, and equity is disclosed in Note 20.

شركة الساحل للتنمية والاستثمار ش.م.ك (مقفلة)
COAST INVESTMENT & DEVELOPMENT CO K S C (CLOSED)