

**Strategia Investment Company – KSCP
And its subsidiaries**

**Interim Condensed Consolidated Financial Information
And Review Report
For the six - month period ended 30 June 2016
(Unaudited)**

**Strategia Investment Company – KSCP
And its subsidiaries**

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**Strategia Investment Company – KSCP
State of Kuwait**

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Report on Review of Interim Condensed Consolidated Financial Information to the Board of Directors

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Strategia Investment Company - KSCP "the Parent Company" and its subsidiaries (together referred to as "the Group") as of 30 June 2016, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of preparation as disclosed in (Note 2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity."

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

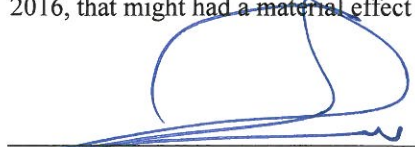
Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the extent of information made available to us, we have not become aware of any violations of the Companies Law No. 1 of 2016 and its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the six-month period ended 30 June 2016 that might have had a material effect on the business of the Group or on its consolidated financial position.

We further report that, during the course of our review, 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 organization of banking business and its related regulations or of the provisions of Law No. 7 of 2010, concerning the Capital Markets Authority and its related regulations during the six-month period ended 30 June 2016, that might had a material effect on the business of Group or its consolidated financial position.


Bader A. Al-Wazzan
Licence No. 62A
Deloitte & Touche - Al Wazzan & Co.

Kuwait, 31 July 2016


Strategia Investment Company - KSCP
And its subsidiaries
State of Kuwait


Interim Condensed Consolidated Statement of Financial Position as of 30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 June 2016	31 December 2015 (Audited)	30 June 2015
Assets				
Cash and cash equivalents	4	6,899,871	654,328	7,503,840
Time deposits		-	6,500,000	-
Investments available for sale		3,531,249	3,796,975	3,467,986
Investments held to maturity	5	800,000	-	-
Receivables and other debit balances		158,278	142,350	124,477
Investment in an associate and joint venture	6	18,730,174	19,627,895	20,063,528
Investment properties		1,578,081	1,595,027	1,606,787
Finance receivables	6	1,099,565	1,088,936	1,101,535
Other assets		13,448	12,972	17,964
Total assets		32,810,666	33,418,483	33,886,117
Liabilities and equity				
Liabilities				
Payables and other credit balances		431,584	518,183	356,692
Equity				
Share capital		30,000,000	30,000,000	30,000,000
Share premium		697,235	697,235	697,235
Statutory reserve		264,500	264,500	264,500
Voluntary reserve		26,449	26,449	26,449
Foreign currency translation reserve		14,386	12,483	13,942
Change in fair value reserve		99,247	286,791	5,427
Treasury shares		(14,774)	-	-
Group's share of an associate's reserves		(443,200)	(145,744)	657,295
Retained earnings		1,735,239	1,758,586	1,864,577
Total equity		32,379,082	32,900,300	33,529,425
Total liabilities and equity		32,810,666	33,418,483	33,886,117

The accompanying notes form an integral part of this interim condensed consolidated financial information


Ghazi Ahmed Al Osaimi
Chairman


Mishal Nasser Habib
Vice chairman & CEO

**Strategia Investment Company - KSCP
And its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Statement of Income for the six- month period ended 30 June 2016
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2016	2015	2016	2015
Revenues					
Management fees		53,288	67,094	124,845	152,541
Investments income/ (loss)	7	159,587	(13,688)	214,836	(55,481)
Share of result from an associate	6	(170,615)	349,805	(65,642)	(127,057)
Interest income		54,734	37,412	100,338	50,875
Rent income		18,242	17,812	36,185	35,042
Other (expenses)/ income		(23,602)	58,966	564	82,962
		<u>91,634</u>	<u>517,401</u>	<u>411,126</u>	<u>138,882</u>
Expenses					
Staff costs		144,804	146,312	272,196	286,379
General and Administrative expenses		61,525	95,126	142,092	188,878
Depreciation		10,189	7,290	20,185	17,311
		<u>216,518</u>	<u>248,728</u>	<u>434,473</u>	<u>492,568</u>
Profit/ (loss) before deductions		<u>(124,884)</u>	<u>268,673</u>	<u>(23,347)</u>	<u>(353,686)</u>
Net (loss) / profit for the period		<u>(124,884)</u>	<u>268,673</u>	<u>(23,347)</u>	<u>(353,686)</u>
(Losses) / earnings per share (fils)	8	<u>(0.42)</u>	<u>0.89</u>	<u>(0.08)</u>	<u>(1.18)</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information

Strategia Investment Company - KSCP
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Comprehensive Income for the six-month period ended
30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended		Six months ended	
	30 June		30 June	
	2016	2015	2016	2015
Net (loss)/ profit for the period	(124,884)	268,673	(23,347)	(353,686)
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to statement of income:</i>				
Change in fair value of investments available for sale	(111,917)	(221,206)	(194,180)	(392,797)
Transferred to the statement of income from sale of investments available for sale	-	-	(7,914)	(4,184)
Impairment of investments available for sale	14,550	122,360	14,550	239,336
Foreign currency translation differences	116	(533)	1,903	(7,245)
Group's share of an associate's reserves	(222,876)	143,808	(297,456)	202,618
Total other comprehensive (loss)/ income items	(320,127)	44,429	(483,097)	37,728
Total comprehensive (loss)/ income for the period	(445,011)	313,102	(506,444)	(315,958)

The accompanying notes form an integral part of this interim condensed consolidated financial information

Strategia Investment Company - KSCP
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Statement of Changes in Equity for the six - month period ended 30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Change in fair value reserve	Treasury shares	Group's share of an associate's reserves	Retained earnings	Total
Balance as of 1 January 2015	30,000,000	697,235	264,500	26,449	21,187	163,072	-	454,677	2,218,263	33,845,383
Net loss for the period	-	-	-	-	-	-	-	-	(353,686)	(353,686)
Other comprehensive (loss)/ income items	-	-	-	-	(7,245)	(157,645)	-	202,618	-	37,728
Balance as of 30 June 2015	30,000,000	697,235	264,500	26,449	13,942	5,427	-	657,295	1,864,577	33,529,425
Balance as of 1 January 2016	30,000,000	697,235	264,500	26,449	12,483	286,791	-	(145,744)	1,758,586	32,900,300
Net loss for the period	-	-	-	-	-	-	-	-	(23,347)	(23,347)
Other comprehensive income/ (loss) items	-	-	-	-	1,903	(187,544)	-	(297,456)	-	(483,097)
Purchase of treasury shares	-	-	-	-	-	-	(14,774)	-	-	(14,774)
Balance as of 30 June 2016	30,000,000	697,235	264,500	26,449	14,386	99,247	(14,774)	(443,200)	1,735,239	32,379,082

The accompanying notes form an integral part of this interim condensed consolidated financial information

**Strategia Investment Company - KSCP
And its subsidiaries
State of Kuwait**

**Interim Condensed Consolidated Statement of Cash Flows for the six - month period ended 30 June 2016
(Unaudited)**

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended 30 June	
		2016	2015
Cash flows from Operating activities			
Net loss for the period		(23,347)	(353,686)
<i>Adjustments:</i>			
Depreciation		20,185	17,311
Investment (income)/ loss	7	(214,836)	55,481
Group's share of result from an associate		65,642	127,057
Interest income		(100,338)	(50,875)
General provision- finance receivables		-	15,315
Operating losses before changes in working capital		(252,694)	(189,397)
Receivables and other debit balances		11,383	(3,426)
Finance receivables		(10,629)	(1,116,850)
Payables and other credit balances		(78,424)	(129,537)
Net cash used in operating activities		<u>(330,364)</u>	<u>(1,439,210)</u>
Cash flows from investing activities			
Time deposits		6,500,000	-
Paid for purchase of investments available for sale		(20,260)	(174,776)
Proceeds from sale of investments available for sale		99,654	285,226
Purchase of investments held to maturity		(800,000)	-
Paid for purchase of additional share in an associate and joint venture		(28,883)	(239,441)
Dividends received from an associate		563,505	659,557
Paid for purchase of investment properties		(4,116)	(494,222)
Purchase of treasury shares		(14,774)	-
Paid for purchase of property and equipment		(5,870)	(2,066)
Dividends received		213,624	158,169
Interest income received		73,027	45,346
Net cash generated from investing activities		<u>6,575,907</u>	<u>237,793</u>
Increase/ (decrease) in cash and cash equivalents		6,245,543	(1,201,417)
Cash and cash equivalents at the beginning of the period		654,328	8,705,257
Cash and cash equivalents at the end of the period		<u>6,899,871</u>	<u>7,503,840</u>

The accompanying notes form an integral part of this interim condensed consolidated financial information

Strategia Investment Company - KSCP
And its subsidiaries
State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended 30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Incorporation and activities

Strategia Investment Company KSCP is a Kuwaiti shareholding Company Public incorporated in Kuwait in 1998 and is regulated by the Central Bank of Kuwait and Capital Markets Authority. The Parent Company was listed in the Kuwait Stock Exchange on 3 December 2008. On 8 July 2015 based on the shareholders extraordinary General Assembly meeting, the Company has voluntarily elected to delist from Kuwait stock exchange effective from 1 March 2016. The Company has obtained the approval from CMA to delist on 31 August 2015.

The objectives of the Parent Company are:

Financial Investment operations in all economic sectors by all legal means deemed appropriate by the Parent Company to achieve its objectives inside and outside Kuwait for its benefit or others.

The Parent Company's registered office is at Al Nassar Tower, Fahed Al Salem Street, P.O. Box 1346, Kuwait.

The interim condensed consolidated financial information includes the financial information of the Parent Company and its subsidiaries, which are fully owned and mentioned below together referred to as "the Group".

<u>Company Name</u>	<u>Country of incorporation</u>	<u>Principal activity</u>	<u>Equity interest (%)</u>
Strategia Investors Inc.	United States	Investment manager and advisor	100
Marquee Fund Manager Limited	United Kingdom	Investment manager and advisory services	100
Strategia Investors Service Limited	Antigua and Burmuda	Investment manager and advisor to real estate funds	100
Strategia Private Equity Limited	Cayman Islands	Investments	100

The consolidated financial statements for the year ended 31 December 2015 were authorized by the Parent Company's shareholders on 30 May 2016 and approved not to distribute dividends.

On 1 February 2016, the new Companies Law no. 1/2016 was published in the Official Gazette which is effective from 26 November 2012. According to the new law, the companies law no. 25 of 2012 and its amendments have been cancelled. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016, which cancelled the Executive Regulations of Law No. 25 of 2012. Companies should make necessary arrangements to be in compliance with provisions of the new law within six months from the executive regulations effective date.

The interim condensed consolidated financial information for the six-month period ended 30 June 2016 was authorized for issuance by the Parent Company Board of Directors on 31 July 2016.

2. Basis of preparation for financial information

The interim condensed consolidated financial information has been prepared in accordance with the International Accounting Standard No. 34 "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards as adopted in the state of Kuwait on the Financial institution which subject to Central Bank of Kuwait instructions.

In the opinion of management, all adjustments considered necessary and the regular accruals for a fair presentation have been included. The operating results for the six-months period ended 30 June 2016 are not necessarily indicative of the results that may be expected for the year ending 31 December 2016. For further information, it is possible to refer to the consolidated financial statements and notes thereto for the year ended 31 December 2015.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements for the year ended 31 December 2015, except the adoption of the new and amended IFRS that have become effective and those which are applicable to the Group from 1 January 2016.

Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended
30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

For annual periods beginning on or after 1 January 2016

- IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments
- IFRS 11 Accounting for Acquisitions of Interests in Joint Operations -Amendments
- IAS 1 'Disclosure Initiative – Amendments
- IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments
- IAS 27 Equity Method in Separate Financial Statements – Amendments
- IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments
- Annual Improvements to IFRSs 2012–2014 Cycle

The adoption of these standards did not have any significant or material impact on the interim condensed consolidated financial information of the Group.

Investments held to maturity

Held to maturity investments are investments with fixed or determinable payments and fixed maturity that the Group has the intention and ability to hold to maturity. Held to maturity investments are measured at amortised cost, less provision for impairment in value, if any. The losses arising from impairment of such investments are recognized in the consolidated statement of income. The interest income from debt securities classified as held to maturity is recorded in interest income.

3. Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical financial instruments.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets are determined:

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/06/16	31/12/15	30/06/15				
<i>Investments available for sale</i>							
- Quoted Shares	2,318,084	2,578,281	2,321,858	1	Last bid price	-	-
- Funds	85,229	90,758	18,192	2	Net assets value	-	-

The fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis approximately equals their carrying values as of interim condensed consolidated financial information date.

**Strategia Investment Company - KSCP
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State of Kuwait**

**Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended
30 June 2016
(Unaudited)**

(All amounts are in Kuwaiti Dinars unless otherwise stated)

4. Cash and cash equivalents

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Cash on hand and at banks	749,435	653,889	1,003,403
Time deposits (<i>less than 3 months</i>)	6,150,000	-	6,500,000
Cash in investment portfolio	436	439	437
	<u>6,899,871</u>	<u>654,328</u>	<u>7,503,840</u>

The average interest rate on time deposits as of 30 June 2016 is 1.875% (31 December 2015: nil and 30 June 2015: 1.03%).

5. Investments held at maturity

This represents bonds amounted to KD 400,000 at fixed rate of 6.5% and bonds amounted to KD 400,000 at floating rate of 4% in addition to Central Bank of Kuwait discount rate. The bonds are issued by a local bank in Kuwaiti Dinars and mature in 2026.

6. Investment in an associate and Joint Venture

6.1 Investment in an associate

This represents the Group's investment in Kuwait Financial Center by 23.45% as of 30 June 2016 (31 December 2015: 23.38% and 30 June 2015: 23.20%).

The Group's share of the associate's results and reserves has been computed based on the last reviewed financial information for the period ended 31 March 2016.

Movement on investments balance in the associate during the period are as follows:

	30 June 2016	31 December 2015 (Audited)	30 June 2015
Balance as at 1 January	19,602,110	20,408,083	20,408,083
Additions during the period/ year	28,883	301,092	213,656
Cash dividends	(563,505)	(659,557)	(659,557)
Group's share in associate's results	(65,642)	152,913	(127,057)
Group's share in associate's reserves	(297,456)	(600,421)	202,618
	<u>18,704,390</u>	<u>19,602,110</u>	<u>20,037,743</u>

During the period ended 30 June 2016, the investee has made capital reduction against treasury shares. This transaction has no impact on the Parent Company's percentage holding in the investee.

6.2 Investment in Joint Venture

This represents investment in a joint venture amounted to KD 25,784 as of 30 June 2016.

A finance amounting to KD 1,114,880 has been granted by the Group to this Company in order to support the activities and business of this Company. This finance will mature on 31 March 2019 and general provision has been made for this finance amounting to KD 15,315 as of 30 June 2016.

The interest rate on this finance is 8.75% per year.

Strategia Investment Company - KSCP
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Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended
30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

7. Investment income/ (loss)

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Gain on sale of investments available for sale	-	-	15,762	25,686
Cash dividends	174,137	108,672	213,624	158,169
Impairment losses	(14,550)	(122,360)	(14,550)	(239,336)
	159,587	(13,688)	214,836	(55,481)

8. (Losses)/ earnings per share

(Losses)/ earnings per share are computed by dividing the net (loss)/ profit for the period attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding after deduction of treasury shares. The computation of (losses) / earnings per share is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	2016	2015
Net (loss)/profit for the period	(124,884)	268,673	(23,347)	(353,686)
Weighted average number of outstanding ordinary shares (share)	299,805,610	300,000,000	299,805,610	300,000,000
(Losses)/earnings per share (fils)	(0.42)	0.89	(0.08)	(1.18)

9. Related party transactions

Related parties are the shareholders of the Parent Company who are represented in Board of Directors as well as major shareholders and the companies in which any of its members is in the same time a board member in the Parent Company's Board of Directors and associated companies. In the ordinary course of business, the Group has carried out some transactions during the period with related parties. Transactions and balances are included in the interim condensed consolidated financial information are as follows:

Transactions	Six months ended 30 June		
	30 June 2016	31 December 2015 (Audited)	30 June 2015
Salaries and other benefits			112,279
End of service indemnity			21,552
Interest income			23,099
Balances			
Finance receivables (note 6)	1,099,565	1,088,936	1,101,535
Payables and other credit balances	240,742	281,599	203,890

Related parties transactions are subject to approval of shareholders' general assembly.

Notes to the Interim Condensed Consolidated Financial Information for the six-month period ended
30 June 2016
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

10. Segment information

In the purpose of management, the group organizes its operations in main two sectors of business. The following are the main activities and services that are underlined in such two sectors.

Investment activities : Investing in securities, funds, properties lending to corporate and individual customers and managing the Group's liquidity requirements.

Asset management and advisory services : Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related financial services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on the return on investments. The Group does not have any significant inter-segment transactions.

The following table presents segment revenues, profits, assets and liabilities regarding the Group's business segments:

	30 June 2016		
	Investment activities	Asset management and advisory services	Total
Segment revenue	286,281	124,845	411,126
Net results	(148,192)	124,845	(23,347)
Segment assets	32,750,371	60,294	32,810,666
Segment liabilities	377,556	54,028	431,584
	30 June 2015		
	Investment activities	Asset management and advisory services	Total
Segment revenue	(13,659)	152,541	138,882
Net results	(506,227)	152,541	(353,686)
Segment assets	33,794,715	91,402	33,886,117
Segment liabilities	317,467	39,225	356,692

11. Fiduciary assets

The Group manages portfolios on behalf of customers and maintains cash balances and securities in fiduciary accounts, which are not reflected in the Group's interim condensed consolidated financial information.

The aggregate net asset value held in a fiduciary capacity by the Group amounted to KD 16,642,025 as of 30 June 2016 (31 December 2015: KD 20,971,037 and 30 June 2015: KD 24,517,198).