

**Kuwait Pillars For Financial Investment (K.S.C.C)  
(Formerly - Strategia Investment Company – KSCP)  
And its subsidiaries**

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

**Kuwait Pillars For Financial Investment (K.S.C.C)  
(Formerly - Strategia Investment Company – KSCP)  
And its subsidiaries**

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

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**Kuwait Pillars For Financial Investment (K.S.C.C)  
(Formerly - Strategia Investment Company – KSCP)  
State of Kuwait**

**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 Kuwait Pillars For Investment - KSCC (Formerly Strategia Investment Company - KSCP) "the Parent Company" and its subsidiaries (together referred to as "the Group") as of 30 September 2016, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-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.

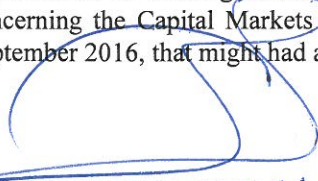
*Conclusion*

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 nine-month period ended 30 September 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 nine-month period ended 30 September 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, 13 November 2016


**Kuwait Pillars For Financial Investment -K.S.C.C**  
**(Formerly - Strategia Investment Company – KSCP)**  
**And its subsidiaries**  
**State of Kuwait**


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

*(All amounts are in Kuwaiti Dinars)*

	Note	30 September 2016	31 December 2015 (Audited)	30 September 2015
<b>Assets</b>				
Cash and cash equivalents	4	2,331,902	654,328	926,896
Time deposits		-	6,500,000	6,500,000
Investments available for sale		3,561,054	3,796,975	3,304,958
Investments held to maturity	5	800,000	-	-
Receivables and other debit balances		110,150	142,350	120,330
Investment in an associate and joint venture	6	18,755,499	19,627,895	20,319,517
Investment properties		1,615,142	1,595,027	1,597,327
Finance receivables	7	5,578,055	1,088,936	1,116,488
Other assets		10,783	12,972	15,416
<b>Total assets</b>		<b>32,762,585</b>	<b>33,418,483</b>	<b>33,900,932</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Payables and other credit balances		443,465	518,183	375,636
<b>Equity</b>				
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		14,847	12,483	13,859
Change in fair value reserve		124,910	286,791	(65,354)
Treasury shares		(14,774)	-	-
Group's share of an associate's reserves		(766,798)	(145,744)	323,395
Retained earnings		1,972,751	1,758,586	2,265,212
<b>Total equity</b>		<b>32,319,120</b>	<b>32,900,300</b>	<b>33,525,296</b>
<b>Total liabilities and equity</b>		<b>32,762,585</b>	<b>33,418,483</b>	<b>33,900,932</b>

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

**Kuwait Pillars For Financial Investment -K.S.C.C**  
**(Formerly - Strategia Investment Company – KSCP)**  
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**Interim Condensed Consolidated Statement of Income for the nine- month period ended 30 September 2016**  
**(Unaudited)**

*(All amounts are in Kuwaiti Dinars)*

	Note	Three months ended 30 September		Nine months ended 30 September	
		2016	2015	2016	2015
<b>Revenues</b>					
Management fees		40,120	60,378	164,965	212,919
Investments income/ (loss)	8	10,379	(82,318)	225,215	(137,799)
Share of result from an associate		348,923	555,728	283,281	428,671
Interest income		61,500	36,287	161,838	87,162
Rent income		18,225	17,828	54,410	52,870
Other income		7,542	8,368	8,106	91,330
		<u>486,689</u>	<u>596,271</u>	<u>897,815</u>	<u>735,153</u>
<b>Expenses</b>					
Staff costs		125,744	120,409	397,940	406,788
General and Administrative expenses		113,415	62,441	255,507	251,319
Depreciation		10,018	12,360	30,203	29,671
		<u>249,177</u>	<u>195,210</u>	<u>683,650</u>	<u>687,778</u>
Profit before deductions		<u>237,512</u>	<u>401,061</u>	<u>214,165</u>	<u>47,375</u>
Contribution to KFAS		-	(426)	-	(426)
Net profit for the period		<u>237,512</u>	<u>400,635</u>	<u>214,165</u>	<u>46,949</u>
Earnings per share (fils)	9	<u>0.79</u>	<u>1.34</u>	<u>0.71</u>	<u>0.16</u>

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

**Kuwait Pillars For Financial Investment -K.S.C.C**  
**(Formerly - Strategia Investment Company – KSCP)**  
**And its subsidiaries**  
**State of Kuwait**

**Interim Condensed Consolidated Statement of Comprehensive Income for the nine - month period ended**  
**30 September 2016**  
**(Unaudited)**

*(All amounts are in Kuwaiti Dinars)*

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>Net profit for the period</b>	<u>237,512</u>	<u>400,635</u>	<u>214,165</u>	<u>46,949</u>
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to statement of income:</i>				
Change in fair value of investments available for sale	25,663	(186,421)	(168,517)	(579,218)
Transferred to the statement of income from sale of investments available for sale	-	-	(7,914)	(4,184)
Impairment of investments available for sale	-	115,640	14,550	354,976
Foreign currency translation differences	461	(83)	2,364	(7,328)
Group's share of an associate's reserves	<u>(323,598)</u>	<u>(333,900)</u>	<u>(621,054)</u>	<u>(131,282)</u>
<b>Total other comprehensive loss items</b>	<u>(297,474)</u>	<u>(404,764)</u>	<u>(780,571)</u>	<u>(367,036)</u>
<b>Total comprehensive loss for the period</b>	<u>(59,962)</u>	<u>(4,129)</u>	<u>(566,406)</u>	<u>(320,087)</u>

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

Kuwait Pillars For Financial Investment -K.S.C.C  
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Interim Condensed Consolidated Statement of Changes in Equity for the nine - month period ended 30 September 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
<b>Balance as of 1 January 2015</b>	30,000,000	697,235	264,500	26,449	21,187	163,072	-	454,677	2,218,263	33,845,383
Net profit for the period	-	-	-	-	-	-	-	-	46,949	46,949
Other comprehensive loss items	-	-	-	-	(7,328)	(228,426)	-	(131,282)	-	(367,036)
<b>Balance as of 30 September 2015</b>	30,000,000	697,235	264,500	26,449	13,859	(65,354)	-	323,395	2,265,212	33,525,296
<b>Balance as of 1 January 2016</b>	30,000,000	697,235	264,500	26,449	12,483	286,791	-	(145,744)	1,758,586	32,900,300
Net profit for the period	-	-	-	-	-	-	-	-	214,165	214,165
Other comprehensive income/ (loss) items	-	-	-	-	2,364	(161,881)	-	(621,054)	-	(780,571)
Purchase of treasury shares	-	-	-	-	-	-	(14,774)	-	-	(14,774)
<b>Balance as of 30 September 2016</b>	30,000,000	697,235	264,500	26,449	14,847	124,910	(14,774)	(766,798)	1,972,129	32,319,120

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

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

*(All amounts are in Kuwaiti Dinars)*

	Note	Nine months ended 30 September	
		2016	2015
<b>Cash flows from Operating activities</b>			
Net profit for the period		214,165	46,949
<i>Adjustments:</i>			
Depreciation		30,203	29,671
Investment (income)/ loss	8	(225,215)	137,799
Group's share of result from an associate		(283,281)	(428,671)
Interest income		(161,838)	(87,162)
General provision- finance receivables		-	15,315
Operating losses before changes in working capital		(425,966)	(286,099)
Receivables and other debit balances		32,200	5,902
Finance receivables		(4,489,119)	(1,131,803)
Payables and other credit balances		(64,655)	(111,028)
Net cash used in operating activities		<u>(4,947,540)</u>	<u>(1,523,028)</u>
<b>Cash flows from investing activities</b>			
Time deposits		6,500,000	(6,500,000)
Paid for purchase of investments available for sale		(24,402)	(198,169)
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)	(273,602)
Dividends received from an associate		563,505	659,557
Paid for purchase of investment properties		(49,957)	(494,222)
Purchase of treasury shares		(14,774)	-
Paid for purchase of property and equipment		(5,870)	(2,066)
Dividends received		224,003	191,491
Interest income received		161,838	76,452
Net cash generated from/ (used in) investing activities		<u>6,625,114</u>	<u>(6,255,333)</u>
<b>Increase/ (decrease) in cash and cash equivalents</b>			
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>2,331,902</u>	<u>926,896</u>

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

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

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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 nine-months period ended 30 September 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.

*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 the statement of 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
	30/09/16	31/12/15	30/09/15				
<b><i>Investments available for sale</i></b>							
- Quoted Shares	2,340,498	2,578,281	2,158,815	1	Last bid price	-	-
- Funds	92,619	90,758	18,207	2	Net assets value	-	-

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30 September 2016  
(Unaudited)**

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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.

**4. Cash and cash equivalents**

	<b>30 September 2016</b>	<b>31 December 2015 (Audited)</b>	<b>30 September 2015</b>
Cash on hand and at banks	331,468	653,889	926,459
Time deposits ( <i>less than 3 months</i> )	2,000,000	-	-
Cash in investment portfolio	435	439	437
	<u>2,331,903</u>	<u>654,328</u>	<u>926,896</u>

The average interest rate on time deposits as of 30 September 2016 is 1.625% (31 December 2015: nil and 30 September 2015: 1.25%).

**5. Investments held to 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**

This represents the Group's investment in Kuwait Financial Center (associate) and 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 30 September 2016.

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

	<b>30 September 2016</b>	<b>31 December 2015 (Audited)</b>	<b>30 September 2015</b>
Balance as at 1 January	19,602,110	20,408,083	20,408,083
Additions during the period/ year	28,883	301,092	247,817
Cash dividends	(563,505)	(659,557)	(659,557)
Group's share in associate's results	283,282	152,913	428,671
Group's share in associate's reserves	(621,054)	(600,421)	(131,282)
	<u>18,729,715</u>	<u>19,602,110</u>	<u>20,293,732</u>
Group ownership interest (%)	<u>23.45</u>	<u>23.38</u>	<u>23.20</u>

During the period ended 30 September 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.

The investment in a joint venture amounted to KD 25,784 as of 30 September 2016.

**7. Finance receivables**

A finance amounting to KD 1,114,880 has been granted by the Group to the joint venture 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 September 2016. The interest rate on this finance is 8.75% per year.

A loan amounted to KD 4,500,000 has been granted to a shareholder of the Parent Company for a period of one year with interest rate of 1.25% above Central Bank Discount rate. This is renewable in the normal course of business and it is secured against a portfolio managed by the Parent Company.

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**(Unaudited)**

*(All amounts are in Kuwaiti Dinars unless otherwise stated)*

**8. Investment income/ (loss)**

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Gain on sale of investments available for sale	-	-	15,762	25,686
Cash dividends	10,379	33,322	224,003	191,491
Impairment losses	-	(115,640)	(14,550)	(354,976)
	<u>10,379</u>	<u>(82,318)</u>	<u>225,215</u>	<u>(137,799)</u>

**9. Earnings per share**

Earnings per share are computed by dividing the net 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 earnings per share is as follows:

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Net profit for the period	237,512	400,635	214,165	46,949
Weighted average number of outstanding ordinary shares (share)	299,805,610	300,000,000	299,805,610	300,000,000
Earnings per share (fils)	<u>0.79</u>	<u>1.34</u>	<u>0.71</u>	<u>0.16</u>

**10. 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:

<b>Transactions</b>	<b>Nine months ended</b>		
	<b>30 September</b>		
	<b>2016</b>	<b>2015</b>	<b>2015</b>
Salaries and other benefits	174,719	161,437	
End of service indemnity	29,194	29,386	
Interest income	86,000	47,647	
	<b>30 September</b>	<b>31 December</b>	<b>30 September</b>
	<b>2016</b>	<b>2015</b>	<b>2015</b>
<b>Balances</b>		<b>(Audited)</b>	
Finance receivables (note 6)	5,578,055	1,088,936	1,116,488
Payables and other credit balances	249,795	281,599	208,133

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

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**(Unaudited)**

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**11. 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 September 2016		
	Investment activities	Asset management and advisory services	Total
Segment revenue	732,850	164,965	897,815
Net results	49,200	164,965	214,165
Segment assets	32,719,530	43,055	32,762,585
Segment liabilities	388,442	55,023	443,465

	30 September 2015		
	Investment activities	Asset management and advisory services	Total
Segment revenue	522,234	212,919	735,153
Net results	(165,970)	212,919	46,949
Segment assets	33,820,982	79,950	33,900,932
Segment liabilities	334,186	41,450	375,636

**12. 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 11,828,555 as of 30 September 2016 (31 December 2015: KD 20,971,037 and 30 September 2015: KD 21,017,769).