

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

**Interim Condensed Consolidated Financial Information
And Review Report
For the nine - month period ended 30 September 2014
(Unaudited)**

Strategia Investment Company – KSCP
And its subsidiaries
State of Kuwait

Interim Condensed Consolidated Financial Information
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For the nine - month period ended 30 September 2014
(Unaudited)

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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 Strategia Investment Company - KSCP "the Parent Company" and its subsidiaries (together referred to as "the Group") as of 30 September 2014, 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 Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard No. (34) "Interim Financial Reporting". 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.

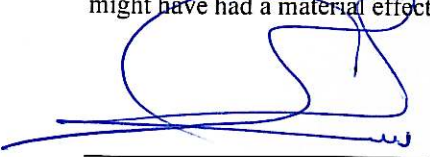
Conclusion

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 International Accounting Standard No. (34) "Interim Financial Reporting".

Report on Other Legal and Regulatory Requirements

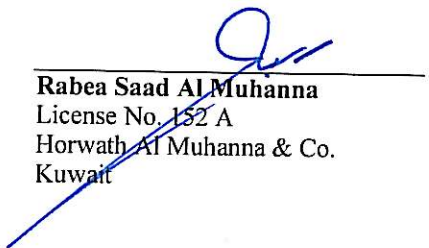
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the extent of information made available to us, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended, or of the Parent Company's Articles of Association during the nine-month period ended 30 September 2014 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 2014, that might have had a material effect on the business of the Group or on its consolidated financial position.



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

Kuwait, 11 November 2014



Rabea Saad Al Muhanna
License No. 152 A
Horwath Al Muhanna & Co.
Kuwait

Strategia Investment Company - KSCP

And its subsidiaries

State of Kuwait

Interim Condensed Consolidated Statement of Financial Position as of 30 September 2014

(Unaudited)

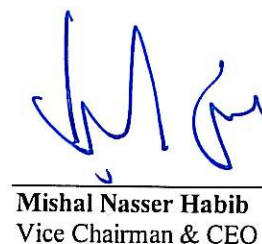
(All amounts are in Kuwaiti Dinars)

	Note	30 September 2014	31 December 2013 (Audited)	30 September 2013
Assets				
Cash and cash equivalents	4	6,704,387	9,074,816	8,462,584
Investments available for sale	5	4,556,830	6,686,851	21,670,826
Receivables and other debit balances	6	1,817,243	175,584	383,067
Investment in an associate	7	19,594,315	19,406,856	-
Investment properties	8	1,088,485	-	-
Other assets		22,178	16,876	18,664
Total assets		33,783,438	35,360,983	30,535,141
Liabilities and equity				
Liabilities				
Bank facilities		-	3,000,000	-
Payables and other credit balances		301,974	444,646	210,211
		<u>301,974</u>	<u>3,444,646</u>	<u>210,211</u>
Equity				
Share capital		30,000,000	30,000,000	30,000,000
Share premium		697,235	697,235	697,235
Statutory reserve		151,086	151,086	-
Voluntary reserve		15,108	15,108	-
Foreign currency translation reserve		37,886	43,552	44,916
Change in fair value reserve		134,209	(209,731)	1,214,263
Group's share of an associate's reserves		427,846	-	-
Retained earnings / (accumulated losses)		2,018,094	1,219,087	(1,631,484)
Total equity		33,481,464	31,916,337	30,324,930
Total liabilities and equity		33,783,438	35,360,983	30,535,141

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



Soud Abdulaziz Almansour
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 nine - month period ended 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended 30 September		Nine months ended 30 September	
		2014	2013	2014	2013
Revenues					
Management fees		67,875	76,105	195,575	173,086
Investments (loss) / income	9	(174,303)	2,785	117,623	597,065
Share of result from an associate		97,117	-	781,645	-
Interest income		20,137	12,411	60,533	33,824
Rent income		21,083	-	37,246	-
Provision no longer required		-	-	235,885	-
Other income / (loss)		35,401	(5,287)	31,205	19,821
		<u>67,310</u>	<u>86,014</u>	<u>1,459,712</u>	<u>823,796</u>
Expenses					
Staff costs		(122,887)	(74,398)	(330,599)	(274,562)
Other expenses		(90,487)	(59,867)	(282,603)	(181,252)
Depreciation		(11,632)	(4,205)	(19,473)	(12,436)
Finance cost		-	-	(20,774)	(9,462)
		<u>(225,006)</u>	<u>(138,470)</u>	<u>(653,449)</u>	<u>(477,712)</u>
(Loss) / profit before deductions		(157,696)	(52,456)	806,263	346,084
Kuwait Foundation for advancement of Science		1,420	-	(7,256)	-
Net (loss) / profit for the period		<u>(156,276)</u>	<u>(52,456)</u>	<u>799,007</u>	<u>346,084</u>
(Losses) / earnings per share (fils)	10	<u>(0.52)</u>	<u>(0.17)</u>	<u>2.66</u>	<u>1.53</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 nine - month period ended
30 September 2014

(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2014	2013	2014	2013
Net (loss) / profit for the period	(156,276)	(52,456)	799,007	346,084
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Change in fair value of investments available for sale	67,700	121,690	37,777	1,281,581
Transferred to the statement of income on sale of investments available for sale	(74,283)	-	(2,263)	103,616
Impairment of investment available for sale	308,426	-	308,426	-
Foreign currency translation differences	(5,410)	(873)	(5,666)	513
Group's share of an associate's reserves	199,908	-	427,846	-
Total other comprehensive income	<u>496,341</u>	<u>120,817</u>	<u>766,120</u>	<u>1,385,710</u>
Total comprehensive income for the period	<u>340,065</u>	<u>68,361</u>	<u>1,565,127</u>	<u>1,731,794</u>

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

State of Kuwait
Interim Condensed Consolidated Statement of Changes in Equity for the nine - month period ended 30 September 2014
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Change in fair value reserve	Share of an associate reserves	(Accumulated losses) / retained earnings	Total
Balance as of 1 January 2013	15,000,000	460,935	-	-	44,403	(170,934)	-	(1,977,568)	13,356,836
Capital increase	15,000,000	-	-	-	-	-	-	-	15,000,000
Share premium	-	300,000	-	-	-	-	-	-	300,000
Share premium cost	-	(63,700)	-	-	-	-	-	-	(63,700)
Net profit for the period	-	-	-	-	-	-	-	-	346,084
Other comprehensive income	-	-	-	-	513	1,385,197	-	-	1,385,710
Balance as of 30 September 2013	30,000,000	697,235	-	-	44,916	1,214,263	-	(1,631,484)	30,324,930
Balance as of 1 January 2014	30,000,000	697,235	151,086	15,108	43,552	(209,731)	-	1,219,087	31,916,337
Net profit for the period	-	-	-	-	-	-	-	799,007	799,007
Other comprehensive (loss) / income	-	-	-	-	(5,666)	343,940	427,846	-	766,120
Balance as of 30 September 2014	30,000,000	697,235	151,086	15,108	37,886	134,209	427,846	2,018,094	33,481,464

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 nine - month period ended 30 September 2014

(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Nine months ended 30 September	
		2014	2013
Cash flows from Operating activities			
Net profit for the period		799,007	346,084
<i>Adjustments:</i>			
Depreciation		19,473	12,436
Finance cost		20,774	9,462
Investment income	9	(117,623)	(597,065)
Share of result from an associate		(781,645)	-
Interest income		(60,533)	(33,824)
Provision no longer required		(235,885)	-
Operating losses before changes in working capital		(356,432)	(262,907)
Receivables and other debit balances		(1,387,737)	1,693,496
Payables and other credit balances		(168,755)	8,002
Net cash (used in) / generated from operating activities		(1,912,924)	1,438,591
Cash flows from investing activities			
Paid for purchase of investments available for sale		(487,114)	(13,426,811)
Proceeds from sale of investments available for sale		2,787,402	3,270,737
Paid for purchase of additional shares in an associate		(68,372)	-
Dividends received from an associate		1,090,404	-
Paid for purchase of investment properties		(1,072,645)	-
Purchase of property and equipment		(20,199)	(3,691)
Dividends received		291,297	589,586
Interest income received		42,496	33,824
Net cash generated from / (used in) investing activities		2,563,269	(9,536,355)
Cash flows from financing activities			
Settlement of bank facilities		(3,000,000)	-
Amounts received from capital increase - net		-	15,236,300
Finance cost paid		(20,774)	(9,462)
Net cash (used in) / generated from financing activities		(3,020,774)	15,226,838
(Decrease) / increase in cash and cash equivalents		(2,370,429)	7,129,074
Cash and cash equivalents at the beginning of the period		9,074,816	1,333,510
Cash and cash equivalents at the end of the period		6,704,387	8,462,584

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 nine - month period ended 30 September 2014

(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 Company was listed in the Kuwait Stock Exchange on 3 December 2008.

The objectives of the Company are:

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

- Sale and purchase of financial securities for the Company and others with no violation to provisions of law.
- Lending or borrowing and issuing bonds as per Law and financing the foreign trade operations.
- Carrying out financial brokerage operations and managing investments for others.
- Providing and preparing studies and technical, economic and revaluation consultancies, as well as studying the related investment projects and preparing the necessary studies for those institutions and companies (provided the necessary conditions should be met).
- Establishing or participating in the establishing of companies of all types, objectives and nationalities and deal in selling and purchasing of shares, bonds and financial rights of those companies.
- Managing financial and real estate portfolios for the company and for others and investing and developing its customers' funds through placing them in all aspects of local and global investment.
- Investing in real estate, industrial, agricultural and other economic sectors either directly or by contributing in the establishment of specialized companies or purchasing shares or bonds of those companies in different sectors.
- Establishing, managing and marketing investment funds of all types as per Law.
- Carrying out the function of bonds issuing manager, which are issued by companies and authorities, and investment custodian's functions.
- Dealing and trading in the foreign exchange market and precious metals market inside and outside Kuwait for the company's benefit only.
- Providing all services that assist developing and supporting the ability of the financial and monetary market in Kuwait within limits of Law and as per CBK's instructions and procedures through offering new trading financial instruments or providing consulting services to Kuwait Stock Exchange's management and other services.

The Company may have an interest or participate in any way in any entity that conducts similar business or which may assist it to achieve its objectives inside and outside Kuwait and it may also purchase such entities or affiliate thereof to it.

The 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 Company and its subsidiaries, which are fully owned and mentioned below together referred to as "the Group".

Company Name	Country of incorporation	Principal activity	Equity interest (%)
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 Bermuda	Investment manager and advisor to real estate funds	100
Strategia Private Equity Limited	Cayman Islands	Investments	100

The interim condensed consolidated financial information for the nine-month period ended 30 September 2014 was authorized for issuance by the Board of Directors on 11 November 2014.

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.

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 2014 are not necessarily indicative of the results that may be expected for the year ending 31 December 2014. For further information, it is possible to refer to the consolidated financial statements and notes thereto for the year ended 31 December 2013.

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 2013 except for the adoption of the new and amended IFRS that have become effective from 1 January 2014:

- *IAS 32 Offsetting Financial Assets and Financial Liabilities*
- *IAS 36 Impairment of assets – recoverable amount disclosures for non-financial assets*
- *IAS 39 Novation of Derivatives and Continuation of Hedge Accounting*
- *Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*

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

New and revised IFRSs in issue but not yet effective

IFRS 9 Financial Instruments: Classification and Measurement

2.1 Investment properties

Investment properties held by the Group are the properties held for capital appreciation or to earn rental income. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investments properties are carried out at historical cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on the building is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful life of 39 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the consolidated statement of income in the year of derecognition.

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.

Strategia Investment Company - KSCP

And its subsidiaries

State of Kuwait

Notes to the Interim Condensed Consolidated Financial Information for the nine - month period ended 30 September 2014

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

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
	30/9/14	31/12/13				
<i>Investments available for sale</i>						
- Quoted Shares	3,151,546	5,413,596	1	Last bid price	N/A	N/A
- Funds	277,347	271,967	2	Net assets value	N/A	N/A

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

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Cash on hand and at banks	1,203,971	2,074,409	2,462,175
Time deposits	5,500,000	7,000,000	6,000,000
Cash at portfolios	416	407	409
	<u>6,704,387</u>	<u>9,074,816</u>	<u>8,462,584</u>

The average interest rate on time deposits during the period ended 30 September 2014 is 1.29% (31 December 2013: 1% and 30 September 2013: 0.875%).

5. Investments available for sale

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Quoted shares	3,151,546	5,413,596	20,312,690
Unquoted shares	1,127,937	1,001,288	655,062
Equity funds	277,347	271,967	703,074
	<u>4,556,830</u>	<u>6,686,851</u>	<u>21,670,826</u>

Unquoted shares and equity funds include investments of KD 1,127,937 as of 30 September 2014 (31 December 2013: KD 1,001,288 and 30 September 2013: KD 1,085,308) carried at cost, less impairment, if any, due to unavailability of market values for these investments and lack of other suitable methods to determine reliable fair value for these investments.

6. Receivables and other debit balances

	30 September 2014	31 December 2013 (Audited)	30 September 2013
Management fees - Net	67,698	59,682	60,341
Receivables	453,571	510,754	440,577
Due from sale of investments	1,677,736	235,966	239,084
Prepaid expenses	40,727	27,556	32,690
	<u>2,239,732</u>	<u>833,958</u>	<u>772,692</u>
Provision for doubtful debts	(422,489)	(658,374)	(389,625)
	<u>1,817,243</u>	<u>175,584</u>	<u>383,067</u>

12. Segment information

For management purposes, the Group is organized into two main business segments. Below are the main activities and services, which belong to these two segments.

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 2014		
	Investment activities	Asset management and advisory services	Total
Segment revenue	1,264,137	195,575	1,459,712
Net profit	603,432	195,575	799,007
Segment assets	32,096,050	1,687,388	33,783,438
Segment liabilities	270,667	31,307	301,974

	30 September 2013		
	Investment activities	Asset management and advisory services	Total
Segment revenue	650,710	173,086	823,796
Net profit	172,998	173,086	346,084
Segment assets	29,857,976	677,165	30,535,141
Segment liabilities	181,291	28,920	210,211

13. 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 28,524,064 as of 30 September 2014 (KD 28,059,707 as of 31 December 2013, KD 27,569,311 as of 30 September 2013).

14. Dividends

On 22 June 2014, the General assembly for shareholders of the Parent Company approved the consolidated financial statements for the year ended 31 December 2013 and also approved the Board of Directors' recommendation for not distributing any cash dividends.