

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

**Interim Condensed Consolidated Financial Information  
And Review Report  
For the nine - month period ended 30 September 2015  
(Unaudited)**

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

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(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 2015, 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.

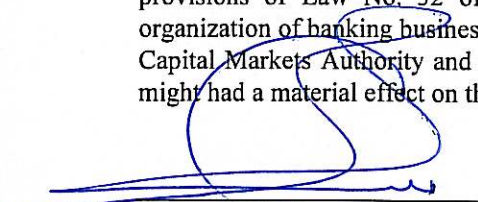
#### *Conclusion*

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**

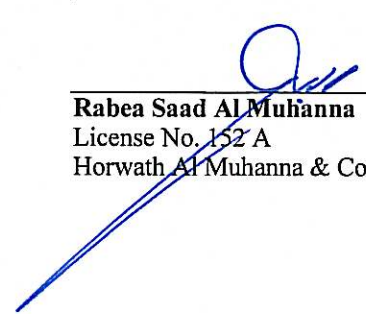
Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the extent of information made available to us, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and of its executive regulations, or of the Parent Company's Memorandum of Incorporation and Articles of Associations as amended during the nine-month period ended 30 September 2015 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 2015, 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 15 November 2015



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

Strategia Investment Company - KSCP

And its subsidiaries

State of Kuwait

Interim Condensed Consolidated Statement of Financial Position as of 30 September 2015

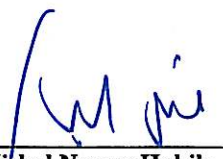
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 September 2015	31 December 2014 (Audited)	30 September 2014
<b>Assets</b>				
Cash and cash equivalents	4	926,896	8,705,257	6,704,387
Time deposits	5	6,500,000	-	-
Investments available for sale		3,304,958	3,949,731	4,556,830
Receivables and other debit balances		120,330	115,522	1,817,243
Investment in an associate and joint venture	6	20,319,517	20,408,083	19,594,315
Investment properties		1,597,327	1,095,451	1,088,485
Finance receivable	9	1,116,488	-	-
Other assets		15,416	20,943	22,178
<b>Total assets</b>		<b>33,900,932</b>	<b>34,294,987</b>	<b>33,783,438</b>
<b>Liabilities and equity</b>				
<b>Liabilities</b>				
Payables and other credit balances		375,636	449,604	301,974
<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	151,086
Voluntary reserve		26,449	26,449	15,108
Foreign currency translation reserve		13,859	21,187	37,886
Change in fair value reserve		(65,354)	163,072	134,209
Group's share of an associate's reserves		323,395	454,677	427,846
Retained earnings		2,265,212	2,218,263	2,018,094
<b>Total equity</b>		<b>33,525,296</b>	<b>33,845,383</b>	<b>33,481,464</b>
<b>Total liabilities and equity</b>		<b>33,900,932</b>	<b>34,294,987</b>	<b>33,783,438</b>

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 2015  
(Unaudited)***(All amounts are in Kuwaiti Dinars)*

	Note	Three months ended 30 September		Nine months ended 30 September	
		2015	2014	2015	2014
<b>Revenues</b>					
Management fees		60,378	67,875	212,919	195,575
Investments (loss) / income	7	(82,318)	(174,303)	(137,799)	117,623
Share of result from an associate		555,728	97,117	428,671	781,645
Interest income		36,287	20,137	87,162	60,533
Rent income		17,828	21,083	52,870	37,246
Provision no longer required		-	-	-	235,885
Other income		8,368	35,401	91,330	31,205
		<u>596,271</u>	<u>67,310</u>	<u>735,153</u>	<u>1,459,712</u>
<b>Expenses</b>					
Staff costs		120,409	122,887	406,788	330,599
General and administrative expenses		62,441	90,487	251,319	282,603
Depreciation		12,360	11,632	29,671	19,473
Finance cost		-	-	-	20,774
		<u>195,210</u>	<u>225,006</u>	<u>687,778</u>	<u>653,449</u>
Profit/ (loss) before deductions		401,061	(157,696)	47,375	806,263
Kuwait Foundation for advancement of Science		(426)	1,420	(426)	(7,256)
<b>Net profit/ (loss) for the period</b>		<u>400,635</u>	<u>(156,276)</u>	<u>46,949</u>	<u>799,007</u>
<b>Earnings/ (losses) per share (fils)</b>	8	<u>1.34</u>	<u>(0.52)</u>	<u>0.16</u>	<u>2.66</u>

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

Strategia Investment Company - KSCP

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Interim Condensed Consolidated Statement of Comprehensive Income for the nine - month period ended 30 September 2015

(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Net profit/ (loss) for the period	400,635	(156,276)	46,949	799,007
<b>Other comprehensive income items:</b>				
<i>Items that may be reclassified subsequently to statement of incomes:</i>				
Change in fair value of investments available for sale	(186,421)	67,700	(579,218)	37,777
Transferred to the statement of income from sale of investments available for sale	-	(74,283)	(4,184)	(2,263)
Impairment of investments available for sale	115,640	308,426	354,976	308,426
Foreign currency translation differences	(83)	(5,410)	(7,328)	(5,666)
Group's share of an associate's reserves	(333,900)	199,908	(131,282)	427,846
<b>Total other comprehensive (loss)/ income items</b>	<b>(404,764)</b>	<b>496,341</b>	<b>(367,036)</b>	<b>766,120</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>(4,129)</b>	<b>340,065</b>	<b>(320,087)</b>	<b>1,565,127</b>

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 nine - month period ended 30 September 2015  
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Share capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation reserve	Change in fair value reserve	Group's share of an associate's reserves	Retained earnings	Total
<b>Balance as of 1 January 2014</b>	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 items	-	-	-	-	(5,666)	343,940	427,846	-	766,120
<b>Balance as of 30 September 2014</b>	<b>30,000,000</b>	<b>697,235</b>	<b>151,086</b>	<b>15,108</b>	<b>37,886</b>	<b>134,209</b>	<b>427,846</b>	<b>2,018,094</b>	<b>33,481,464</b>
<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>	<b>30,000,000</b>	<b>697,235</b>	<b>264,500</b>	<b>26,449</b>	<b>13,859</b>	<b>(65,354)</b>	<b>323,395</b>	<b>2,265,212</b>	<b>33,525,296</b>

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 2015**

**(Unaudited)**

*(All amounts are in Kuwaiti Dinars)*

	Note	Nine months ended	
		30 September	
		2015	2014
<b>Cash flows from Operating activities</b>			
Net profit for the period		46,949	799,007
<i>Adjustments:</i>			
Depreciation		29,671	19,473
Finance cost		-	20,774
Investment loss/ (income)	7	137,799	(117,623)
Group's share of result from an associate		(428,671)	(781,645)
Interest income		(87,162)	(60,533)
Provision no longer required		-	(235,885)
General provision- finance receivable		15,315	-
Operating losses before changes in working capital		(286,099)	(356,432)
Receivables and other debit balances		5,902	(1,387,737)
Finance receivable		(1,131,803)	-
Payables and other credit balances		(111,028)	(168,755)
Net cash used in operating activities		(1,523,028)	(1,912,924)
<b>Cash flows from investing activities</b>			
Time deposits		(6,500,000)	-
Paid for purchase of investments available for sale		(198,169)	(487,114)
Proceeds from sale of investments available for sale		285,226	2,787,402
Paid for purchase of additional shares in an associate and joint venture		(273,602)	(68,372)
Dividends received from an associate		659,557	1,090,404
Paid for purchase of investment properties		(494,222)	(1,072,645)
Paid for purchase of property and equipment		(2,066)	(20,199)
Dividends received		191,491	291,297
Interest income received		76,452	42,496
Net cash (used in)/ generated from investing activities		(6,255,333)	2,563,269
<b>Cash flows from financing activities</b>			
Settlement of bank facilities		-	(3,000,000)
Finance cost paid		-	(20,774)
Net cash used in financing activities		-	(3,020,774)
<b>Decrease in cash and cash equivalents</b>			
		(7,778,361)	(2,370,429)
Cash and cash equivalents at the beginning of the period		8,705,257	9,074,816
Cash and cash equivalents at the end of the period		926,896	6,704,387

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

Notes to the Interim Condensed Consolidated Financial Information for the nine - month period ended  
30 September 2015  
(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 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".

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 Burmuda	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 2015 was authorized for issuance by the Parent Company Board of Directors on 15 November 2015.

**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 for the Financial institution 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 nine-months period ended 30 September 2015 are not necessarily indicative of the results that may be expected for the year ending 31 December 2015. For further information, it is possible to refer to the consolidated financial statements and notes thereto for the year ended 31 December 2014.

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 2014 except for the adoption of the new and amended IFRS that have become effective from 1 January 2015:

***New and revised IFRSs issued and effective***

In the current period, the Group has applied a number of new and revised IFRSs that are issued and effective.

The directors of the Parent Company do not anticipate that the application of these standards and amendments will have a material impact on the Group's interim condensed consolidated financial information.

Strategia Investment Company - KSCP

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Notes to the Interim Condensed Consolidated Financial Information for the nine - month period ended 30 September 2015

(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

*New and revised IFRSs in issue but not yet effective*

*For annual periods beginning on or after 1 January 2016*

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation & Amortization
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The directors of the Parent Company do not anticipate that the application of these amendments will have a material impact on the Group's interim condensed consolidated financial information.

*Effective for annual periods beginning on or after 1 January 2017*

*IFRS 15 Revenue from Contracts with Customers*

The directors of the Parent Company anticipate that the application of these IFRS 15 in the future may have a material impact on amounts reported in respect of the Group's interim condensed consolidated financial information. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

*Effective for annual periods beginning on or after 1 January 2018*

*IFRS 9 Financial Instruments*

The directors of the Parent Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect until the Group undertakes a detailed review.

**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
	30/9/15	31/12/14				
<i>Investments available for sale</i>						
- Quoted Shares	2,158,815	2,540,000	1	Last bid price	-	-
- Funds	18,207	281,794	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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**Notes to the Interim Condensed Consolidated Financial Information for the nine - month period ended 30 September 2015**

**(Unaudited)**

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

**4. Cash and cash equivalents**

	<b>30 September 2015</b>	<b>31 December 2014 (Audited)</b>	<b>30 September 2014</b>
Cash on hand and at banks	926,459	2,204,834	1,203,971
Time deposits ( <i>less than 3 months</i> )	-	6,500,000	5,500,000
Cash in investment portfolios	437	423	416
	<u>926,896</u>	<u>8,705,257</u>	<u>6,704,387</u>
The average effective interest rate on time deposits (%)	-	1.00	1.29

**5. Time deposits**

The average interest rate on time deposits as of 30 September 2015 is 1.25% (31 December 2014: Nil and 30 September 2014: Nil).

**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 23.27% as of 30 September 2015 (31 December 2014: 22.79% and 30 September 2014: 22.74%).

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 June 2015.

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

	<b>30 September 2015</b>	<b>31 December 2014 (Audited)</b>	<b>30 September 2014</b>
Balance as at 1 January	20,408,083	19,406,856	19,406,856
Additions during the period /year	247,817	101,306	68,372
Cash dividends	(659,557)	(1,090,404)	(1,090,404)
Group's share in associate's results	428,671	1,535,648	781,645
Group's share in associate's reserves	(131,282)	454,677	427,846
	<u>20,293,732</u>	<u>20,408,083</u>	<u>19,594,315</u>

**6.2 Investment in Joint Venture**

During the period, the Group signed a joint venture agreement with a third party to participate equally in one of the real estate companies that owns properties in Germany. The investment amount in this venture is KD 25,785 as of 30 September 2015.

The agreement also included granting a finance to this real estate company amounting to KD 1,131,803 by the Group in order to support the activities and business of this Company. This finance is due on 31 March 2019 and general provision has been made for this finance amounting to KD 15,315. (Note 9)

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

**7. Investments (loss) / income**

	<b>Three months ended 30 September</b>		<b>Nine months ended 30 September</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Gain on sale of investments available for sale	-	124,334	25,686	134,752
Cash dividends	33,322	9,789	191,491	291,297
Impairment losses	(115,640)	(308,426)	(354,976)	(308,426)
	<u>(82,318)</u>	<u>(174,303)</u>	<u>(137,799)</u>	<u>117,623</u>

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Notes to the Interim Condensed Consolidated Financial Information for the nine - month period ended 30 September 2015

(Unaudited)

*(All amounts are in Kuwaiti Dinars unless otherwise stated)***8. Earnings/ (losses) per share**

Earnings/ (losses) per share are computed by dividing the net profit/ (loss) for the period attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
Net profit/ (loss) for the period	400,635	(156,276)	46,949	799,007
Weighted average number of outstanding ordinary shares (share)	300,000,000	300,000,000	300,000,000	300,000,000
Earnings/ (losses) per share ( fils)	1.34	(0.52)	0.16	2.66

**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 at 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	Nine months ended 30 September		
	2015	2014	2014
Salaries and other benefits	161,437	135,162	
End of service indemnity	29,386	39,631	
Interest income	47,647	-	
	30 September 2015	31 December 2014 (Audited)	30 September 2014
<b>Balances</b>			
Finance receivable (Note 6)	1,116,488	-	-
Payables and other credit balances	208,133	264,071	167,485

Related parties transactions are subject to approval of shareholders' General Assembly.

**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.

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**Notes to the Interim Condensed Consolidated Financial Information for the nine - month period ended 30 September 2015**

**(Unaudited)**

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

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

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

	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	33,734,971	48,467	33,783,438
Segment liabilities	270,667	31,307	301,974

**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 21,017,769 as of 30 September 2015 (KD 28,143,343 as of 31 December 2014, KD 28,524,064 as of 30 September 2014).