

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

**Interim Condensed Consolidated Financial Information
And Review Report
For the three - month period ended 31 March 2017
(Unaudited)**

**Kuwait Pillars For Financial Investment (K.S.C.C)
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And its subsidiaries**

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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 Kuwait Pillars For Financial Investment - KSCC (Formerly Strategia Investment Company - KSCP) (the "Parent Company") and its subsidiaries (the "Group") as of 31 March 2017, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-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.

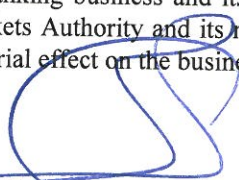
Conclusion

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 three-month period ended 31 March 2017 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 three-month period ended 31 March 2017, 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, 24 May 2017


Kuwait Pillars For Financial Investment (K.S.C.C)
(Formerly - Strategia Investment Company – KSCP)
And its subsidiaries
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Interim Condensed Consolidated Statement of Financial Position as of 31 March 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	31 March 2017	31 December 2016 (Audited)	31 March 2016
Assets				
Cash and cash equivalents	4	1,205,181	1,224,420	6,990,084
Investments available for sale		3,593,110	3,492,202	3,639,208
Investments held to maturity		1,650,000	1,650,000	-
Receivables and other debit balances		235,640	247,608	205,316
Investment in an associate and joint venture	5	19,982,826	19,480,077	19,681,796
Investment properties		1,613,202	1,625,131	1,581,687
Finance receivable		5,574,000	5,506,753	1,122,093
Other assets		9,473	10,177	16,196
Total assets		33,863,432	33,236,368	33,236,380
Liabilities and equity				
Liabilities				
Payables and other credit balances		476,822	609,502	412,287
Equity				
Share capital		30,000,000	30,000,000	30,000,000
Share premium		697,235	697,235	697,235
Statutory reserve		357,484	357,484	264,500
Voluntary reserve		35,747	35,747	26,449
Foreign currency translation reserve		10,844	9,318	14,270
Change in fair value reserve		216,387	74,129	196,614
Treasury shares		(282,682)	(282,682)	(14,774)
Group's share of an associate's reserves		(845,588)	(850,512)	(220,324)
Retained earnings		3,197,183	2,586,147	1,860,123
Total equity		33,386,610	32,626,866	32,824,093
Total liabilities and equity		33,863,432	33,236,368	33,236,380

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)
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Interim Condensed Consolidated Statement of Income for the three - month period ended 31 March 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended	
		31 March	
		2017	2016
Revenues			
Management fees		18,296	71,557
Investments income	6	188,864	55,249
Share of results from an associate		497,825	104,973
Interest income		89,002	45,604
Rental income		18,591	17,943
Other income		18,117	24,166
		<u>830,695</u>	<u>319,492</u>
Expenses			
Staff costs		128,398	127,392
General and administrative expenses		79,219	80,567
Depreciation		10,066	9,996
		<u>217,683</u>	<u>217,955</u>
Profit for the period before deductions		<u>613,012</u>	<u>101,537</u>
Contribution to KFAS		(1,037)	-
Zakat		(939)	-
Profit for the period		<u>611,036</u>	<u>101,537</u>
Earnings per share (fils)	7	<u>2.11</u>	<u>0.34</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 Comprehensive Income for the three - month period ended 31 March 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended	
	31 March	
	2017	2016
Profit for the period	611,036	101,537
Other comprehensive income/ (loss) items:		
<i>Items that may be reclassified subsequently to statement of income</i>		
Change in fair value of investments available for sale	241,365	(82,263)
Transferred to consolidated statement of income from sale of investments available for sale	(99,107)	(7,914)
Foreign currency translation differences	1,526	1,787
Group's share of an associate's reserves	4,924	(74,580)
Total other comprehensive income/ (loss) items	148,708	(162,970)
Total comprehensive income/ (loss) for the period	759,744	(61,433)

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

Interim Condensed Consolidated Statement of Changes in Equity for the three - month period ended 31 March 2017
(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 2016	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	-	-	-	-	-	-	-	-	101,537	101,537
Other comprehensive income/ (loss) items	-	-	-	-	1,787	(90,177)	-	(74,580)	-	(162,970)
Purchase of treasury shares	-	-	-	-	-	-	(14,774)	-	-	(14,774)
Balance as of 31 March 2016	30,000,000	697,235	264,500	26,449	14,270	196,614	(14,774)	(220,324)	1,860,123	32,824,093
Balance as of 1 January 2017	30,000,000	697,235	357,484	35,747	9,318	74,129	(282,682)	(850,512)	2,586,147	32,626,866
Net profit for the period	-	-	-	-	-	-	-	-	611,036	611,036
Other comprehensive income items	-	-	-	-	1,526	142,258	-	4,924	-	148,708
Balance as of 31 March 2017	30,000,000	697,235	357,484	35,747	10,844	216,387	(282,682)	(845,588)	3,197,183	33,386,610

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 Cash Flows for the three - month period ended 31 March 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended	
		31 March	
		2017	2016
Cash flows from Operating activities			
Profit for the period		611,036	101,537
<i>Adjustments:</i>			
Depreciation		10,066	9,996
Investments income	6	(188,864)	(55,249)
Share of results from an associate		(497,825)	(104,973)
Interest income		(89,002)	(45,604)
Operating losses before changes in working capital		(154,589)	(94,293)
Receivables and other debit balances		53,968	(21,386)
Finance receivable		(67,247)	(33,157)
Payables and other credit balances		(126,660)	(98,120)
Net cash used in operating activities		(294,528)	(246,956)
Cash flows from investing activities			
Time deposits		-	6,500,000
Paid for purchase of investments available for sale		(240,611)	(16,302)
Proceeds from sale of investments available for sale		426,375	99,654
Paid for purchase of additional shares in an associate		-	(23,508)
Purchase of treasury shares		-	(14,774)
Paid for purchase of property and equipment		(1,927)	(5,870)
Dividends received		44,450	10,388
Interest income received		47,002	33,124
Net cash generated from investing activities		275,289	6,582,712
Decrease/ (increase) in cash and cash equivalents		(19,239)	6,335,756
Cash and cash equivalents at the beginning of the period		1,224,420	654,328
Cash and cash equivalents at the end of the period	4	1,205,181	6,990,084

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 three-month period ended 31 March 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

1. Incorporation and activities

Kuwait Pillars For Financial Investment-KSCC (Formerly Strategia Investment Company-KSCP) is a Kuwaiti shareholding Company incorporated in Kuwait in 1998 and is regulated by the Central Bank of Kuwait and Capital Markets Authority.

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>Name</u>	<u>Country of Incorporation</u>	<u>Principal Activities</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	Investment	100

The annual consolidated financial statements for the year ended 31 December 2016 were approved for issuance by Board of Directors of the Company on 16 March 2017. The General Assembly meeting was not held for the year ended 31 December 2016, accordingly the opening balance are not yet approved.

The interim condensed consolidated financial information for the three-month period ended 31 March 2017 was authorized for issuance by the Parent Company's Board of Directors on 24 May 2017.

2. Basis of preparation for financial information

This interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard No. (34), "Interim Financial Reporting".

The interim condensed consolidated financial information does not include all information and disclosures required for complete financial statements in accordance with International Financial Reporting Standards (IFRSs).

In the management's opinion, all necessary adjustments (including recurring accruals) have been included in the interim condensed consolidated financial information for fair presentation. The operating results for the period ended 31 March 2017 are not necessarily indicative of the results that maybe expected for the year ending 31 December 2017. For further information, refer to the consolidated financial statements and its related notes for the year ended 31 December 2016.

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 2016, except for the adoption of the new and amended IFRS, which become effective for annual periods beginning on or after 1 January 2017 as follows:

- Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses.
- Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.
- Annual Improvements to IFRS Standards 2014-2016 Cycle - Amendments to IFRS 12

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

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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
	31/3/17	31/12/16	31/3/16				
<i>Investments available for sale</i>							
- Quoted Shares	2,397,196	2,293,904	2,429,824	1	Last bid price	-	-
- Funds	67,978	70,362	81,452	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.

4. Cash and cash equivalents

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Cash on hand and at banks	1,204,740	1,223,978	2,487,498
Time deposits (<i>less than 3 months</i>)	-	-	4,502,150
Cash at portfolios	441	442	436
	<u>1,205,181</u>	<u>1,224,420</u>	<u>6,990,084</u>

The average interest rate on time deposits during the period ended 31 March 2017 is nil (31 December 2016: nil and 31 March 2016: 0.61%).

5. Investment in an associate and joint venture

This represents the Group's investment in Kuwait Financial Center by 23.45% as of 31 March 2017 (31 December 2016: 23.45% and 31 March 2016: 23.44%). The investment in a joint venture amounted to KD 25,784 as of 31 March 2017.

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 2017.

Movement during the period / year is as follows:

	31 March 2017	31 December 2016 (Audited)	31 March 2016
Balance as at 1 January	19,454,293	19,602,110	19,602,110
Additions during the period /year	-	28,883	23,508
Cash dividends	-	(563,505)	-
Group's share in associate's results	497,825	1,091,573	104,973
Group's share in associate's reserves	4,924	(704,768)	(74,580)
	<u>19,957,042</u>	<u>19,454,293</u>	<u>19,656,011</u>

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(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

6. Investment income

	Three months ended	
	31 March	
	2017	2016
Gain on sale of investments available for sale	144,414	15,762
Cash dividends	44,450	39,487
	<u>188,864</u>	<u>55,249</u>

7. 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 during the period (excluding treasury shares) as follows:

	Three months ended	
	31 March	
	2017	2016
Net profit for the period	611,036	101,537
Weighted average number of outstanding ordinary shares (share)	289,266,390	299,805,610
Earnings per share (fils)	<u>2.11</u>	<u>0.34</u>

8. 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 is as follows:

	Three months ended		
	31 March		
	2017	2016	
Transactions			
Salaries and other benefits	56,856	52,833	
End of service indemnity	7,869	7,733	
Interest income	75,564	23,812	
Balances	31 March	31 December	31 March
	2017	2016	2016
Investments held to maturity	850,000	850,000	-
Finance receivable	5,574,000	5,506,753	1,122,093
Payables and other credit balances	258,840	361,762	222,073

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

Notes to the Interim Condensed Consolidated Financial Information for the three-month period ended 31 March 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars unless otherwise stated)

9. Segment information

The Group practices its main activities through the following 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, results, assets and liabilities regarding the Group's business segments:

	31 March 2017		
	Investment activities	Asset management and advisory services	Total
Segment revenue	829,485	1,210	830,695
Net profit	609,826	1,210	611,036
Segment assets	33,793,452	69,980	33,863,432
Segment liabilities	409,441	67,381	476,822

	31 March 2016		
	Investment activities	Asset management and advisory services	Total
Segment revenue	247,935	71,557	319,492
Net profit	29,980	71,557	101,537
Segment assets	33,194,940	41,400	33,236,380
Segment liabilities	354,787	57,500	412,287

10. 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 16,067,351 as of 31 March 2017 (KD 28,143,343 as of 31 December 2016, KD 15,758,904 as of 31 March 2016).