

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

**Interim Condensed Consolidated Financial Information
And Review Report
For the six - month period ended 30 June 2017
(Unaudited)**

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

(Formerly - Strategia Investment Company – K.S.C.P)

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 Financial Investment - KSCC (Formerly Strategia Investment Company – K.S.C.P) (the "Parent Company") and its subsidiaries (the "Group") as of 30 June 2017, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with basis of preparation as disclosed in (Note 2). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the extent of information made available to us, we have not become aware of any violations of the Companies Law No. 1 of 2016 as amended and its executive regulations or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the six-month period ended 30 June 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 six-month period ended 30 June 2017, that might had a material effect on the business of Group or its consolidated financial position.

Talal Yousef Al-Muzaini

Licence No. 209A

Deloitte & Touche – Al-Wazzan & Co.

Kuwait, 22 August 2017


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


Interim Condensed Consolidated Statement of Financial Position as of 30 June 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	30 June 2017	31 December 2016 (Audited)	30 June 2016
Assets				
Cash and cash equivalents	4	1,957,621	1,224,420	6,899,871
Investments available for sale		3,300,904	3,492,202	3,531,249
Investments held to maturity		1,650,000	1,650,000	800,000
Receivables and other debit balances		262,558	247,608	158,278
Investment in an associate and joint venture	5	19,302,159	19,480,077	18,730,174
Investment properties		1,646,238	1,625,131	1,578,081
Finance receivables		5,589,676	5,506,753	1,099,565
Other assets		8,155	10,177	13,448
Total assets		33,717,311	33,236,368	32,810,666
Liabilities and equity				
Liabilities				
Payables and other credit balances		513,125	609,502	431,584
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		13,594	9,318	14,386
Change in fair value reserve		(73,410)	74,129	99,247
Treasury shares		(282,682)	(282,682)	(14,774)
Group's share of an associate's reserves		(998,014)	(850,512)	(443,200)
Retained earnings		3,454,232	2,586,147	1,735,239
Total equity		33,204,186	32,626,866	32,379,082
Total liabilities and equity		33,717,311	33,236,368	32,810,666

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 – K.S.C.P)
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Interim Condensed Consolidated Statement of Income for the six- month period ended 30 June 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended		Six months ended	
		30 June		30 June	
		2017	2016	2017	2016
Revenues					
Management fees		13,425	53,288	31,721	124,845
Investments income	6	151,271	159,587	340,135	214,836
Share of result from an associate	5	147,736	(170,615)	645,561	(65,642)
Interest income		96,092	54,734	185,094	100,338
Rent income		18,803	18,242	37,394	36,185
Other income/ (expenses)		49,185	(23,602)	67,302	564
		<u>476,512</u>	<u>91,634</u>	<u>1,307,207</u>	<u>411,126</u>
Expenses					
Staff costs		143,558	144,804	271,956	272,196
General and Administrative expenses		66,757	61,525	145,976	142,092
Depreciation		8,957	10,189	19,023	20,185
		<u>219,272</u>	<u>216,518</u>	<u>436,955</u>	<u>434,473</u>
Profit/ (loss) before deductions		<u>257,240</u>	<u>(124,884)</u>	<u>870,252</u>	<u>(23,347)</u>
Contribution to KFAS		(340)	-	(1,377)	-
Zakat		149	-	(790)	-
Net profit/ (loss) for the period		<u>257,049</u>	<u>(124,884)</u>	<u>868,085</u>	<u>(23,347)</u>
Earnings/ (losses) per share (fils)	7	<u>0.89</u>	<u>(0.42)</u>	<u>3.00</u>	<u>(0.08)</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 – K.S.C.P)
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Interim Condensed Consolidated Statement of Comprehensive Income for the six-month period ended 30 June 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
Net profit/ (loss) for the period	<u>257,049</u>	<u>(124,884)</u>	<u>868,085</u>	<u>(23,347)</u>
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to statement of income:</i>				
Change in fair value of investments available for sale	(288,607)	(111,917)	(47,242)	(194,180)
Transferred to the statement of income from sale of investments available for sale	(1,190)	-	(100,297)	(7,914)
Impairment of investments available for sale	-	14,550	-	14,550
Foreign currency translation differences	2,750	116	4,276	1,903
Group's share of an associate's reserves	<u>(152,426)</u>	<u>(222,876)</u>	<u>(147,502)</u>	<u>(297,456)</u>
Total other comprehensive loss items	<u>(439,473)</u>	<u>(320,127)</u>	<u>(290,765)</u>	<u>(483,097)</u>
Total comprehensive (loss)/ income for the period	<u>(182,424)</u>	<u>(445,011)</u>	<u>577,320</u>	<u>(506,444)</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 six - month period ended 30 June 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 loss for the period	-	-	-	-	-	-	-	-	(23,347)	(23,347)
Other comprehensive income/ (loss) items	-	-	-	-	1,903	(187,544)	-	(297,456)	-	(483,097)
Purchase of treasury shares	-	-	-	-	-	-	(14,774)	-	-	(14,774)
Balance as of 30 June 2016	30,000,000	697,235	264,500	26,449	14,386	99,247	(14,774)	(443,200)	1,735,239	32,379,082
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	-	-	-	-	-	-	-	-	868,085	868,085
Other comprehensive income/ (loss) items	-	-	-	-	4,276	(147,539)	-	(147,502)	-	(290,765)
Balance as of 30 June 2017	30,000,000	697,235	357,484	35,747	13,594	(73,410)	(282,682)	(998,014)	3,454,232	33,204,186

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 six - month period ended 30 June 2017
(Unaudited)

(All amounts are in Kuwaiti Dinars)

	Note	Six months ended	
		30 June	
		2017	2016
Cash flows from Operating activities			
Net profit/ (loss) for the period		868,085	(23,347)
<i>Adjustments:</i>			
Depreciation		19,023	20,185
Investment income	6	(340,135)	(214,836)
Group's share of result from an associate		(645,561)	65,642
Interest income		(185,094)	(100,338)
Operating losses before changes in working capital		(283,682)	(252,694)
Receivables and other debit balances		(14,950)	11,383
Finance receivables		(82,923)	(10,629)
Payables and other credit balances		(79,748)	(78,424)
Net cash used in operating activities		(461,303)	(330,364)
Cash flows from investing activities			
Time deposits		-	6,500,000
Paid for purchase of investments available for sale		(240,611)	(20,260)
Proceeds from sale of investments available for sale		429,920	99,654
Purchase of investments held to maturity		-	(800,000)
Paid for purchase of additional share in an associate		(517)	(28,883)
Dividends received from an associate		676,495	563,505
Paid for purchase of investment properties		(48,291)	(4,116)
Purchase of treasury shares		-	(14,774)
Paid for purchase of property and equipment		(2,171)	(5,870)
Dividends received		194,585	213,624
Interest income received		185,094	73,027
Net cash generated from investing activities		1,194,504	6,575,907
Increase in cash and cash equivalents			
		733,201	6,245,543
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	1,957,621	6,899,871

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 six-month period ended 30 June 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 – K.S.C.P) 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".

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 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 six-month period ended 30 June 2017 was authorized for issuance by the Parent Company Board of Directors on 22 August 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.

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 30 June 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
	30/06/17	31/12/16	30/06/16				
<i>Investments available for sale</i>							
- Quoted Shares	2,099,371	2,293,904	2,318,084	1	Last bid price	-	-
- Funds	73,597	70,362	85,229	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

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Cash on hand and at banks	657,183	1,223,978	749,435
Time deposits (<i>less than 3 months</i>)	1,300,000	-	6,150,000
Cash in investment portfolio	438	442	436
	<u>1,957,621</u>	<u>1,224,420</u>	<u>6,899,871</u>

The average interest rate on time deposits as of 30 June 2017 is 1.375% (31 December 2016: nil and 30 June 2016: 1.875%).

5. Investment in an associate and Joint Venture

This represents the Group's investment in Kuwait Financial Center by 23.45% as of 30 June 2017 (31 December 2016: 23.45% and 30 June 2016: 23.45%). This also includes investment in a joint venture amounted to KD 25,785 as of 30 June 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 30 June 2017.

Movement during the period / year is as follows:

	30 June 2017	31 December 2016 (Audited)	30 June 2016
Balance as at 1 January	19,454,293	19,602,110	19,602,110
Additions during the period/ year	517	28,883	28,883
Cash dividends	(676,495)	(563,505)	(563,505)
Group's share in associate's results	645,561	1,091,573	(65,642)
Group's share in associate's reserves	(147,502)	(704,768)	(297,456)
	<u>19,276,374</u>	<u>19,454,293</u>	<u>18,704,390</u>

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6. Investment income

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
Gain on sale of investments available for sale	1,136	-	145,550	15,762
Cash dividends	150,135	174,137	194,585	213,624
Impairment losses	-	(14,550)	-	(14,550)
	<u>151,271</u>	<u>159,587</u>	<u>340,135</u>	<u>214,836</u>

7. 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 after deduction of treasury shares. The computation of earnings/ (losses) per share is as follows:

	Three months ended		Six months ended	
	30 June		30 June	
	2017	2016	2017	2016
Net profit (loss) for the period	257,049	(124,884)	868,085	(23,347)
Weighted average number of outstanding ordinary shares (share)	<u>289,266,390</u>	<u>299,805,610</u>	<u>289,266,390</u>	<u>299,805,610</u>
Earnings/ (losses) per share (fils)	<u>0.89</u>	<u>(0.42)</u>	<u>3.00</u>	<u>(0.08)</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 are as follows:

Transactions	Six months ended	
	30 June	
	2017	2016
Salaries and other benefits	128,790	112,571
End of service indemnity	34,045	21,150
Interest income	155,224	48,513

Balances	30 June	31 December	30 June
	2017	2016	2016
Investments held to maturity	850,000	850,000	-
Finance receivables	5,589,677	5,506,753	1,099,565
Payables and other credit balances	295,774	361,762	240,742

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

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9. Segment information

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

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

	30 June 2017		
	Investment activities	Asset management and advisory services	Total
Segment revenue	1,305,137	2,070	1,307,207
Net results	866,015	2,070	868,085
Segment assets	33,624,981	92,330	33,717,311
Segment liabilities	429,419	83,706	513,125
	30 June 2016		
	Investment activities	Asset management and advisory services	Total
Segment revenue	286,281	124,845	411,126
Net results	(148,192)	124,845	(23,347)
Segment assets	32,750,371	60,295	32,810,666
Segment liabilities	377,556	54,028	431,584

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 14,377,093 as of 30 June 2017 (KD 28,143,343 - 31 December 2016 and KD 16,642,025 - 30 June 2016).