

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 nine-month period ended 30 September 2017
(Unaudited)

Kuwait Pillars for Financial Investment K.S.C.C
(Formerly: Strategia Investment Company – K.S.C.P)
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Interim Condensed Consolidated Financial Information
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Kuwait Pillars for Financial Investment K.S.C.C

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

Scope of Review

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

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

Conclusion

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

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the extent of information made available to us, we have not become aware of any violations of the Companies Law No. 1 of 2016, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended during the nine-month period ended 30 September 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 nine-month period ended 30 September 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, 4 December 2017

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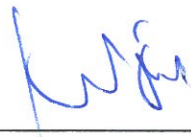
Interim Condensed Consolidated Statement of Financial Position as at 30 September 2017
(Unaudited)

(All amounts are in Kuwaiti Dinar)

	Note	30 September 2017	31 December 2016 (Audited)	30 September 2016
Assets				
Cash and cash equivalents	4	1,741,270	1,224,420	2,331,902
Available for sale investments		3,394,840	3,492,202	3,561,054
Investments held to maturity		1,650,000	1,650,000	800,000
Receivables and other debit balances		322,466	247,608	110,150
Investment in an associate and joint venture	5	19,968,614	19,480,077	18,755,499
Investment properties		1,683,800	1,625,131	1,615,142
Finance receivables		5,665,258	5,506,753	5,578,055
Other assets		6,914	10,177	10,783
Total assets		34,433,162	33,236,368	32,762,585
Liabilities and equity				
Liabilities				
Payables and other credit balances		524,048	609,502	443,465
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		14,643	9,318	14,847
Change in fair value reserve		(71,830)	74,129	124,910
Treasury shares		(282,682)	(282,682)	(14,774)
Group's share of an associate's reserves		(994,731)	(850,512)	(766,798)
Retained earnings		4,153,248	2,586,147	1,972,751
Total equity		33,909,114	32,626,866	32,319,120
Total liabilities and equity		34,433,162	33,236,368	32,762,585

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

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**Interim Condensed Consolidated Statement of Income for the nine-month period ended 30 September 2017
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	Three months ended		Nine months ended	
		30 September		30 September	
		2017	2016	2017	2016
Revenues					
Management fees		17,284	40,120	49,005	164,965
Investments income	6	73,420	10,379	413,555	225,215
Group's share of result from an associate	5	663,173	348,923	1,308,734	283,281
Interest income		102,458	61,500	287,552	161,838
Rent income		18,516	18,225	55,910	54,410
Other income		27,062	7,542	94,364	8,106
		<u>901,913</u>	<u>486,689</u>	<u>2,209,120</u>	<u>897,815</u>
Expenses					
Staff costs		125,246	125,744	397,202	397,940
General and Administrative expenses		68,889	113,415	214,865	255,507
Depreciation		8,589	10,018	27,612	30,203
		<u>202,724</u>	<u>249,177</u>	<u>639,679</u>	<u>683,650</u>
Profit before deductions		699,189	237,512	1,569,441	214,165
Contribution to KFAS		339	-	(1,038)	-
Zakat		(512)	-	(1,302)	-
Net profit for the period		<u>699,016</u>	<u>237,512</u>	<u>1,567,101</u>	<u>214,165</u>
Earnings per share (fils)	7	<u>2.42</u>	<u>0.79</u>	<u>5.42</u>	<u>0.71</u>

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

Interim Condensed Consolidated Statement of Comprehensive Income for the nine-month period ended 30 September 2017 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
Net profit for the period	<u>699,016</u>	<u>237,512</u>	<u>1,567,101</u>	<u>214,165</u>
Other comprehensive income items:				
<i>Items that may be reclassified subsequently to the consolidated statement of income:</i>				
Change in fair value of available for sale investments	23,797	25,663	(23,445)	(168,517)
Transferred to the statement of income from sale of available for sale investments	(24,722)	-	(125,019)	(7,914)
Impairment of available for sale investments	2,505	-	2,505	14,550
Foreign currency translation differences	1,049	461	5,325	2,364
Group's share of an associate's reserves	<u>3,283</u>	<u>(323,598)</u>	<u>(144,219)</u>	<u>(621,054)</u>
Total other comprehensive income/ (loss) items	<u>5,912</u>	<u>(297,474)</u>	<u>(284,853)</u>	<u>(780,571)</u>
Total comprehensive income/(loss) for the period	<u>704,928</u>	<u>(59,962)</u>	<u>1,282,248</u>	<u>(566,406)</u>

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

Kuwait Pillars for Financial Investment K.S.C.C
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Interim Condensed Consolidated Statement of Changes in Equity for the nine - month period ended 30 September 2017
 (Unaudited)

(All amounts are in Kuwaiti Dinar)

	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 at 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	-	-	-	-	-	-	-	-	214,165	214,165
Other comprehensive income/ (loss) items	-	-	-	-	2,364	(161,881)	-	(621,054)	-	(780,571)
Purchase of treasury shares	-	-	-	-	-	-	(14,774)	-	-	(14,774)
Balance as at 30 September 2016	30,000,000	697,235	264,500	26,449	14,847	124,910	(14,774)	(766,798)	1,972,751	32,319,120
Balance as at 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	-	-	-	-	-	-	-	-	1,567,101	1,567,101
Other comprehensive income/ (loss) items	-	-	-	-	5,325	(145,959)	-	(144,219)	-	(284,853)
Balance as at 30 September 2017	30,000,000	697,235	357,484	35,747	14,643	(71,830)	(282,682)	(994,731)	4,153,248	33,909,114

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 nine-month period ended 30 September 2017
(Unaudited)**

(All amounts are in Kuwaiti Dinar)

	Note	Nine months ended 30 September	
		2017	2016
Cash flows from Operating activities			
Net profit for the period		1,567,101	214,165
<i>Adjustments:</i>			
Depreciation		27,612	30,203
Investment income	6	(413,555)	(225,215)
Group's share of result from an associate		(1,308,734)	(283,281)
Interest income		<u>(287,552)</u>	<u>(161,838)</u>
Operating losses before changes in working capital		(415,128)	(425,966)
Receivables and other debit balances		(69,384)	32,200
Finance receivables		(158,505)	(4,489,119)
Payables and other credit balances		<u>(64,809)</u>	<u>(64,655)</u>
Net cash used in operating activities		<u>(707,826)</u>	<u>(4,947,540)</u>
Cash flows from investing activities			
Time deposits		-	6,500,000
Paid for purchase of available for sale investments		(566,983)	(24,402)
Proceeds from sale of available for sale investments		726,984	99,654
Paid for 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		(96,167)	(49,957)
Paid for purchase of treasury shares		-	(14,774)
Paid for purchase of property and equipment		(2,171)	(5,870)
Dividends received		204,957	224,003
Interest income received		<u>282,078</u>	<u>161,838</u>
Net cash generated from investing activities		<u>1,224,676</u>	<u>6,625,114</u>
Increase in cash and cash equivalents		516,850	1,677,574
Cash and cash equivalents at the beginning of the period		<u>1,224,420</u>	<u>654,328</u>
Cash and cash equivalents at the end of the period	4	<u>1,741,270</u>	<u>2,331,902</u>

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 2017 (Unaudited)

(All amounts are in Kuwaiti Dinar 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 Management 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

On 13 July 2017, the General Assembly for Shareholders of the Company approved the Financial Statement for the year ended 31 December 2016.

The interim condensed consolidated financial information for the nine-month period ended 30 September 2017 was authorized for issuance by the Parent Company Board of Directors on 4 December 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 (IFRS).

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 September 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.

Notes to the Interim Condensed Consolidated Financial Information for the nine-month period ended 30 September 2017 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

3. Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- Level one: Quoted prices in active markets for identical financial instruments.
- Level two: Quoted prices in an active market for similar instruments. Quoted prices for identical assets or liabilities in market that are not active. Inputs other than quoted prices that are observable for assets and liabilities.
- Level three: Inputs for the asset or liabilities that are not based on observable market data.

The table below gives information about how the fair values of the financial assets are determined:

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30/09/17	31/12/16	30/09/16				
Available for sale investments							
- Quoted Shares	2,195,996	2,293,904	2,340,498	1	Last bid price	-	-
- Funds	70,907	70,362	92,619	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 at interim condensed consolidated financial information date.

4. Cash and cash equivalents

	30 September 2017	31 December 2016 (Audited)	30 September 2016
Cash on hand and at banks	440,834	1,223,978	331,468
Time deposits (less than 3 months)	1,300,000	-	2,000,000
Cash in investment portfolio	436	442	434
	<u>1,741,270</u>	<u>1,224,420</u>	<u>2,331,902</u>

The average interest rate on time deposits as at 30 September 2017 is 1.65% (1.625% - 30 September 2016).

5. Investment in an associate and Joint Venture

This represents the Group's investment in Kuwait Financial Center by 23.45% as at 30 September 2017 (23.45% - 31 December 2016 and 30 September 2016). This also includes investment in a joint venture amounted to KD 25,784 as at 30 September 2017.

The Group's share of the associate's results and reserves has been computed based on the reviewed financial information for the period ended 30 September 2017.

Movement of the investments in an associate during the period / year is as follows:

	30 September 2017	31 December 2016 (Audited)	30 September 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	1,308,734	1,091,573	283,281
Group's share in associate's reserves	(144,219)	(704,768)	(621,054)
	<u>19,942,830</u>	<u>19,454,293</u>	<u>18,729,715</u>
Group ownership (%)	<u>23.45</u>	<u>23.45</u>	<u>23.45</u>

Notes to the Interim Condensed Consolidated Financial Information for the nine-month period ended 30 September 2017 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

6. Investment income

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
Gain on sale of investments available for sale	65,553	-	211,103	15,762
Cash dividends	10,372	10,379	204,957	224,003
Impairment losses	(2,505)	-	(2,505)	(14,550)
	<u>73,420</u>	<u>10,379</u>	<u>413,555</u>	<u>225,215</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 after deduction of treasury shares. The computation of earnings per share is as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
Net profit for the period	699,016	237,512	1,567,101	214,165
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 per share (fils)	<u>2.42</u>	<u>0.79</u>	<u>5.42</u>	<u>0.71</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	Nine months ended	
	30 September	
	2017	2016
Salaries and other benefits	182,286	174,719
End of service indemnity	31,297	29,194
Interest income	239,074	86,000

Balances	30 September	31 December	30 September
	2017	2016	2016
Investments held to maturity	850,000	850,000	-
Finance receivables	5,665,258	5,506,753	5,578,055
Payables and other credit balances	297,942	361,762	249,795

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

Notes to the Interim Condensed Consolidated Financial Information for the nine-month period ended 30 September 2017 (Unaudited)

(All amounts are in Kuwaiti Dinar unless otherwise stated)

9. Segment information

In the purpose of management, the Group organizes its operations in main two sectors of business. The following are the main activities and services that are underlined in such two sectors:

Investment activities: Investing in securities, funds, properties lending to corporate and individual customers and managing the Group's liquidity requirements.

Asset management and advisory services: Discretionary and non-discretionary investment portfolio management, managing of local and international investment funds and providing advisory and structured finance services and other related financial services.

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

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

	30 September 2017		
	Investment activities	Asset management and advisory services	Total
Segment revenue	2,160,115	49,005	2,209,120
Net results	1,518,096	49,005	1,567,101
Segment assets	34,338,823	94,339	34,433,162
Segment liabilities	442,078	81,970	524,048
	30 September 2016		
	Investment activities	Asset management and advisory services	Total
Segment revenue	732,850	164,965	897,815
Net results	49,200	164,965	214,165
Segment assets	32,719,530	43,054	32,762,584
Segment liabilities	388,442	55,023	443,465

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 16,145,500 as at 30 September 2017 (KD 13,592,055 - 31 December 2016 and KD 11,828,555 - 30 September 2016).