



الكويتية السورية للاعتماد  
Kuwait Syrian Holding

**Kuwait Syrian Holding Company – K.S.C.P.**  
**Holding Company**  
And its subsidiaries  
State of Kuwait

**Interim Condensed Consolidated Financial Information (Unaudited)**  
**For the three months ended 31 March 2016**  
And review report



الشركة السورية للاحتفاظ  
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**Holding Company**  
And its subsidiaries  
State of Kuwait

Interim Condensed Consolidated Financial Information (Unaudited)  
For the three months ended 31 March 2016  
And review report

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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 Syrian Holding Company - K.S.C.P. - Holding Company "the Parent Company" and its subsidiaries (collectively referred to as "the Group") as at 31 March 2016 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 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 condensed consolidated 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".

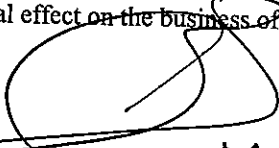
### Emphasis of Matter

- We draw attention to notes (4.3 & 12.2) of this interim condensed consolidated financial information regarding the acquisition of some assets from certain foreign subsidiaries before the disposal of such subsidiaries. The official procedures to transfer the ownership are in process during the subsequent period.
- We draw attention to note (13) of this interim condensed consolidated financial information regarding the effect of the political events and economic variables in the Syrian Arab Republic on the Group's business and its current and future financial position.


Our conclusion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

Further, based on our review, the interim condensed consolidated financial information is in agreement with the books of the Parent Company. To the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, or of the Parent Company's Memorandum and Articles of Association, as amended, have occurred during the three-month period ended 31 March 2016, except of owning properties held for trading by the Parent Company, 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 May 2016

  
Abdullatif A. H. Al-Majid  
Licence No. 70A  
Of Parker Randall (Allied Accountants)


Interim Condensed Consolidated Statement of Financial Position as of 31 March 2016  
(Unaudited)

(All amounts in Kuwaiti Dinars)

	Notes	31 March 2016	31 December 2015 (Audited)	31 March 2015
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,243	1,599	5,254
Investment properties	4	10,188,264	10,188,264	10,012,451
Available for sale investments	5	4,796,192	4,796,192	4,817,987
		<u>14,985,699</u>	<u>14,986,055</u>	<u>14,835,692</u>
<b>Current assets</b>				
Properties held for trading		4,292,656	4,292,656	5,000,907
Trade and other receivables		213,750	211,860	206,715
Investments at fair value through profit or loss	6	528,282	536,681	866,711
Cash at financial institutions	7	2,973,029	3,076,841	1,350,928
		<u>8,007,717</u>	<u>8,118,038</u>	<u>7,425,261</u>
<b>Total assets</b>		<u>22,993,416</u>	<u>23,104,093</u>	<u>22,260,953</u>
<b>Equity and Liabilities</b>				
<b>Equity</b>				
Share capital		17,627,690	17,627,690	17,627,690
Statutory reserve		78,508	78,508	-
Change in fair value reserve		163,350	163,350	163,350
Retained earnings/ (accumulated losses)		63,411	623,604	(84,325)
<b>Total equity attributable to the shareholders of the Parent Company</b>		<u>17,932,959</u>	<u>18,493,152</u>	<u>17,706,715</u>
<b>Non-controlling interest</b>		<u>4,391,964</u>	<u>4,392,347</u>	<u>4,354,892</u>
<b>Total equity</b>		<u>22,324,923</u>	<u>22,885,499</u>	<u>22,061,607</u>
<b>Non-current liabilities</b>				
End of service indemnity		66,154	63,874	75,817
<b>Current liabilities</b>				
Trade and other payables	8	602,339	154,720	123,529
		<u>602,339</u>	<u>154,720</u>	<u>123,529</u>
<b>Total liabilities</b>		<u>668,493</u>	<u>218,594</u>	<u>199,346</u>
<b>Total equity and liabilities</b>		<u>22,993,416</u>	<u>23,104,093</u>	<u>22,260,953</u>

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

  
Fawzan Mohammed Al-Faris  
Chairman

  
Marzouk Nasser Al-Kharafi  
Vice Chairman

**Interim Condensed Consolidated Statement of Income for the three months ended 31 March 2016**  
(Unaudited)

*(All amounts in Kuwaiti Dinars)*

	Notes	Three months ended	
		31 March	
		2016	2015
<b>Revenues</b>			
Net rents revenue of properties		55,910	57,730
Net (losses)/ gains from investments at fair value through profit or loss	9	(1,235)	22,378
(Losses)/ profit from foreign currency differences		(9,282)	32,928
Other income		6,215	461
		<u>51,608</u>	<u>113,497</u>
<b>Expenses and other charges</b>			
Staff cost		47,556	30,284
Administration expenses		35,797	70,884
Total expenses and other charges		<u>83,353</u>	<u>101,168</u>
Net (loss)/ profit for the period		<u>(31,745)</u>	<u>12,329</u>
Attributable to:			
Shareholders of the Parent Company		(31,362)	(10,741)
Non-controlling interest		<u>(383)</u>	<u>23,070</u>
		<u>(31,745)</u>	<u>12,329</u>
Loss per share (fils)	10	<u>(0.18)</u>	<u>(0.06)</u>

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

Interim Condensed Consolidated Statement of Comprehensive Income for the three months ended 31 March 2016  
(Unaudited)

(All amounts in Kuwaiti Dinars)

	Three months ended	
	31 March	
	2016	2015
Net (loss)/ profit for the period	(31,745)	12,329
<b>Other comprehensive income items:</b>		
<i>Items that may be reclassified subsequently to statement of income:</i>		
Total other comprehensive income items	-	-
<b>Total comprehensive (loss)/ profit for the period</b>	<b>(31,745)</b>	<b>12,329</b>
Attributable to:		
Shareholders of the Parent Company	(31,362)	(10,741)
Non-controlling interest	(383)	23,070
	<b>(31,745)</b>	<b>12,329</b>

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 months ended 31 March 2016  
(Unaudited)

(All amounts in Kuwaiti Dinars)

	Equity attributable to the shareholders of the Parent Company				Non- controlling interest	Total equity
	Share capital	Statutory reserve	Change in fair value reserve	Retained earnings/ (accumulated losses)		
<b>Balance at 1 January 2015</b>	30,000,000	602,281	163,350	(13,048,175)	4,331,822	22,049,278
Net (loss)/ profit for the period	-	-	-	(10,741)	23,070	12,329
Amortization of accumulated losses	(12,372,310)	(602,281)	-	12,974,591	-	-
<b>Balance at 31 March 2015</b>	<b>17,627,690</b>	<b>-</b>	<b>163,350</b>	<b>(84,325)</b>	<b>4,354,892</b>	<b>22,061,607</b>
<b>Balance at 1 January 2016</b>	<b>17,627,690</b>	<b>78,508</b>	<b>163,350</b>	<b>623,604</b>	<b>4,392,347</b>	<b>22,885,499</b>
Net loss for the period	-	-	-	(31,362)	(383)	(31,745)
Cash dividends (note 14)	-	-	-	(528,831)	-	(528,831)
<b>Balance at 31 March 2016</b>	<b>17,627,690</b>	<b>78,508</b>	<b>163,350</b>	<b>63,411</b>	<b>4,391,964</b>	<b>22,324,923</b>

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

**Interim Condensed Consolidated Statement of Cash Flows for the three months ended 31 March 2016**  
(Unaudited)

(All amounts in Kuwaiti Dinars)

Note	Three months ended	
	31 March	
	2016	2015
<b>Cash flows from operating activities</b>		
Net (loss)/ profit for the period	(31,745)	12,329
<i>Adjustments:</i>		
Depreciation	356	983
Net gains from investments	(3,631)	(23,702)
Interest income	(6,215)	(461)
End of service indemnity provision	2,280	3,851
Operating losses before changes in working capital	(38,955)	(7,000)
Trade and other receivables	(1,890)	(2,674)
Investments at fair value through profit or loss	12,030	(7,483)
Trade and other payables	(81,212)	(113,494)
Net cash used in operating activities	(110,027)	(130,651)
<b>Cash flows from investing activities</b>		
Paid for purchase of property, plant and equipment	-	(169)
Time deposits	(1,300,782)	-
Interest income received	6,215	461
Net cash (used in)/ generated from investing activities	(1,294,567)	292
<b>Net change in cash and cash equivalents</b>	(1,404,594)	(130,359)
<b>Cash and cash equivalents at the beginning of the period</b>	3,076,841	1,481,287
<b>Cash and cash equivalents at the end of the period</b>	7 1,672,247	1,350,928

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



Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2016  
(Unaudited)

(All amounts in Kuwaiti Dinars unless otherwise stated)

**1. Incorporation of the Group**

Kuwait Syrian Holding Company “the Parent Company” is a Kuwaiti Public Shareholding Company incorporated in 28 July 2002.

The main activities of the Parent Company are:

- Owning stocks in Kuwaiti or Non-Kuwaiti shareholding companies and shares in Kuwaiti or non-Kuwaiti limited liability companies and participating in the establishment, lending and managing of these companies and acting as a guarantor for these companies.
- Lending money to companies in which it owns shares, guaranteeing them with third parties where the holding company owns 20% or more of the capital of the borrowing company.
- Owning industrial rights such as patents, industrial trademarks, royalties, or any other related rights, and leasing to other companies to use it inside and outside state of Kuwait.
- Owning properties and moveable property to conduct its operations within the limits as stipulated by law.
- Utilizing the company’s available surplus funds in financial portfolio managed by specialized entities.

The Parent Company’s main office is at Rakan Tower, 16th Floor, Fahad Al-Salem Street, Kuwait.

These interim condensed consolidated financial information comprise the financial information of the Parent Company and its subsidiaries (note 12), known collectively as “the Group”.

On 1 February 2016, the new Companies Law no. 1/2016 was published in the Official Gazette which is effective from 26 November 2012. According to the new law, the companies law No. 25 of 2012 and its amendments have been cancelled however, its Executive Regulations will continue until a new set of Executive Regulations are issued.

These interim condensed consolidated financial information were authorized for issuance by the Board of Directors on 11 May 2016.

**2. Basis of preparation**

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.

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 2016 are not necessarily indicative of results that may be expected for the year ending 31 December 2016. For further information, it is possible to refer to the consolidated financial statements and its related notes for the year ended 31 December 2015.

The accounting policies used in preparing the interim condensed consolidated financial information similar to those used in the preparation of consolidated financial statements for the year ended 31 December 2015 except for the adoption of the new and amended IFRS that have become effective and those which are applicable to the Group:

**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:

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

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

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2016  
(Unaudited)  
(All amounts in Kuwaiti Dinars 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 assets or liabilities.
- 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.
- 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 and liabilities are determined:

	Fair value as at			Fair value hierarchy	Valuation technique(s) and Key input(s)
	31 March 2016	31 December 2015 (Audited)	31 March 2015		
<i>Investments at fair value through profit or loss:</i>					
Local quoted bonds	322,606	327,145	643,316	Level 1	Last bid price
Foreign quoted bonds	205,676	209,536	223,395	Level 1	Last bid price

The fair values of other financial assets and financial liabilities approximately equal its book value as at the interim condensed consolidated financial information date.

4. Investment properties

4.1 Investment properties represent lands under development in Syrian Arab Republic acquired for the purpose of investing in residential projects. Procedures of obtaining licenses for certain lands are under process. The Parent Company management has decided to stop the development operations until the stability of the political situation in Syria (note 13).

4.2 The movement on investment properties during the period / year is follows:

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Balance at the beginning of the period/ year	10,188,264	10,012,451	10,012,451
Additions	-	34,032	-
Changes in fair value	-	141,781	-
Balance at the end of the period/ year	<u>10,188,264</u>	<u>10,188,264</u>	<u>10,012,451</u>

4.3 During the prior years, the Group acquired investment properties and properties held for trading from disposed subsidiaries. The transferring of the ownership to the Group are in process during the subsequent period.

4.4 Investment properties of KD 1,255,090 as at 31 March 2016 (KD 1,257,347 as at 31 December 2015, KD 1,298,506 as at 31 March 2015) was mortgaged in favour of a bank in Syrian Arab Republic against credit facilities granted to one of the disposed subsidiaries and currently the Group are taking the necessary procedures to settle the situation.

4.5 Investment properties were evaluated based on the fair value as of 31 December 2015.

5. Available for sale investments

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Local unquoted shares	275,000	275,000	275,000
Foreign unquoted shares	4,521,192	4,521,192	4,542,987
	<u>4,796,192</u>	<u>4,796,192</u>	<u>4,817,987</u>

Available for sale investments were carried at cost less impairment losses as its fair value cannot reliably measured. The Group's management believes that there is no indication of further impairment in value in respect of these investments.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2016  
(Unaudited)

(All amounts in Kuwaiti Dinars unless otherwise stated)

6. Investments at fair value through profit or loss

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Local quoted bonds	322,606	327,145	643,316
Foreign quoted bonds	205,676	209,536	223,395
	<u>528,282</u>	<u>536,681</u>	<u>866,711</u>

Fair value of investments at fair value through profit or loss is determined in the manner described in note (3).

7. Cash at financial institutions

	31 March 2016	31 December 2015 (Audited)	31 March 2015
Cash at banks	1,179,987	1,094,602	1,175,047
Cash at investment portfolio	451,724	440,762	135,661
Term deposits	1,341,318	1,541,477	40,220
	<u>2,973,029</u>	<u>3,076,841</u>	<u>1,350,928</u>
Less: deposits for more than three months	(1,300,782)	-	-
Cash and cash equivalent for cash flow purposes	<u>1,672,247</u>	<u>3,076,841</u>	<u>1,350,928</u>

As at 31 March 2016, the interest rate on term deposits is 1.44% - 2.25% (1.06% - 1.25% as at 31 December 2015, 0.5% as at 31 March 2015) annually.

8. Trade and other payables

As at 31 March 2016, trade and other payables include KD 528,831 of dividends to shareholders not paid (note 14).

9. Net (losses)/ gains from investments at fair value through profit or loss

	Three months ended 31 March	
	2016	2015
Gains from changes in fair value	3,631	23,702
Portfolio management fees	(4,866)	(1,324)
	<u>(1,235)</u>	<u>22,378</u>

10. Loss per share

Loss per share is calculated on the basis of the net loss of the period and the weighted average number of ordinary shares outstanding during the period as follows:

	Three months ended 31 March	
	2016	2015
Net loss for the period attributable to the shareholders of the Parent Company	(31,362)	(10,741)
Weighted average number of shares outstanding and paid	176,276,900	176,276,900
Loss per share (fils)	<u>(0.18)</u>	<u>(0.06)</u>

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2016  
(Unaudited)

(All amounts in Kuwaiti Dinars unless otherwise stated)

11. Related parties' transactions

Related parties represent shareholders who have representatives in the Boards of Directors, members of the Boards of Directors, Senior Management and the companies who controlled by the major shareholders. In the ordinary course of business, the Group entered into transactions with related parties during the three months ended 31 March 2016. The following are the transactions and balances resulted from these transactions:

	31 March 2016	31 December 2015 (Audited)	31 March 2015
<b>Balances</b>			
Due from related parties	-	-	83,360

Properties held for trading registered in a related party name.

During the prior years, the Group acquired properties from its subsidiaries before disposal.

All transactions with related parties are subject to the approval of the shareholders in the annual General Assembly Meeting.

12. Subsidiaries

12.1 Structure of the Group:

The following financial information of the subsidiaries has been consolidated when preparing the interim condensed consolidated financial information.

Company name	Legal structure	Ownership percentage (direct & indirect) (%)		Activity	Country of corporation
		31 March 2016	31 December 2015 (Audited)		
		Kuwait Syrian Real Estate Company	W.L.L		
Al-Naser Gardens Holding Company	Holding	60.98	60.98	Holding	Kuwait
- Al-Naser Gardens Real Estate Company	W.L.L	99	99	Real Estate	Kuwait

The financial information of the subsidiaries has been consolidated based on interim condensed financial information (unaudited) as at 31 March 2016.

Subsidiaries total assets amounted to KD 16,886,793 as at 31 March 2016 (KD 16,889,852 as at 31 December 2015, KD 16,502,142 as at 31 March 2015) and its profits amounted to KD 8,614 during the period ended 31 March 2016 (profit of KD 18,958 for the period ended 31 March 2015).

12.2 Disposal of subsidiaries:

During the prior years, the Group has sold its investments in the following subsidiaries with a consideration of KD 6,539,228:

- Syrian Al-Naser Gardens Company
- New Faihaa Shareholding Company
- Kuwait Syrian Company

Based on the sales agreement, all risks and rewards related to the ownership of the subsidiaries have been transferred to the buyer. The transfer of the ownership of shares in favour of the buyer are in the process during the subsequent period. Based on the above, the Group has ceased to consolidate the financial statements of such subsidiaries from the date of transferring the control to the buyer.

The Group offset between the amount due from the sale of subsidiaries of KD 6,539,228 and the amounts due to one of the disposed subsidiaries amounted to KD 6,468,100 based on the sales agreement, which states that offsetting of such amounts are permitted. Accordingly, the remaining balances due from the disposal subsidiary of KD 71,128 as at 31 March 2016 have been recognized under Trade and other receivables.

Notes to the Interim Condensed Consolidated Financial Information for the three months ended 31 March 2016  
(Unaudited)

(All amounts in Kuwaiti Dinars unless otherwise stated)

13. Segment distribution

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The following summary describes the operations in each of the Group's reportable segments:

- Investment: Includes the Group's securities trading and investment activities.
- Tourism and transportation: Include hotels management and operating vehicles services.
- Real-estates: Includes trading, development and management of real-estates.

	Three- month ended 31 March 2015			
	Investment	Tourism and transportation	Real-estate	Total
Segment revenues	41,971	50	71,476	113,497
Segment expenses	(48,600)	(40,215)	(12,353)	(101,168)
Segment results	(6,629)	(40,165)	59,123	12,329
Segment assets	5,900,592	2,927,412	13,432,949	22,260,953
Segment liabilities	174,798	1,800	22,748	199,346
	Three- month ended 31 March 2016			
	Investment	Tourism and transportation	Real-estate	Total
Segment revenues	11,886	9,982	29,740	51,608
Segment expenses	(52,245)	(386)	(30,722)	(83,353)
Segment results	(40,359)	9,596	(982)	(31,745)
Segment assets	6,106,623	3,307,858	13,578,935	22,993,416
Segment liabilities	665,044	375	3,074	668,493

Geographical distribution of assets and liabilities:

	31 March 2015		
	Kuwait	Syria	Total
Assets	7,414,318	14,846,635	22,260,953
Liabilities	180,235	19,111	199,346
	31 December 2015 (Audited)		
	Kuwait	Syria	Total
Assets	8,017,849	15,086,244	23,104,093
Liabilities	218,594	-	218,594
	31 March 2016		
	Kuwait	Syria	Total
Assets	7,910,533	15,082,883	22,993,416
Liabilities	668,493	-	668,493

There are some economic and political events in the Syrian Arab Republic, which adversely affect the Group's business, where certain projects have been ceased and assets during the prior years were impaired due to the significant change in the Syrian currency against other currencies. It is difficult at this time to predict the effect of this economic and political events in the future. The Parent Company's management continuously study the impact of these variables on the assets' values and record any determined losses. The Parent Company's management is preparing the plans necessary to ensure its going on concern and monitoring control levels of performance and the recoverability of the assets. Also the Parent Company management study the available alternative to sale a part of the assets.

14. Dividends

On 23 March 2016, the shareholders approved the consolidated financial statements for the year ended 31 December 2015, and approved cash dividends of 3% from profits of 2015 (Nil - 2014), and Board of Directors' remuneration amounting to KD 45,000 for year 2015.