

**Dalqan Real Estate Company**

**K.S.C. (Public)**

**Kuwait**

**Interim Condensed Financial Information for**

**The Three Months Ended March 31, 2016**

**(Unaudited)**

**with**

**Review report**

**Dalqan Real Estate Company**  
**K.S.C. (Public)**  
**Kuwait**

**Interim Condensed Financial Information for**  
**The Three Months Ended March 31, 2016**  
**(Unaudited)**  
**with**  
**Review report**

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# Rödl

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## **The Board of Directors**

**Dalqan Real Estate Company**

**K.S.C. (Public)**

**Kuwait**

## **Review Report on the interim condensed financial information**

### **Introduction**

We have reviewed the accompanying interim condensed statement of financial position of Dalqan Real Estate Company K.S.C. (Public) as of March 31, 2016 and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three month period then ended. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with International Accounting Standard No (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

### **Scope of review**

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

A review of interim condensed 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 financial information is not prepared, in all material respects, in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

### **Report on review of other legal and regulatory matters**

Furthermore, based on our review, the interim condensed financial information is in agreement with the accounting records of the Company. We further report that, to the best of our knowledge and belief, no violations of the Companies Law no. 1 of year 2016 and related Executive Regulations (Note 1) or law no. 7 of 2010 in respect of the establishment of Capital Market Authority and the organization of the securities activity and its regulation or the Company's memorandum and articles of association, have occurred during the three-month period ended March 31, 2016 that might have had a material effect on the business of the Company or on its interim condensed financial position.

**Ali Abdul Rahman Al Hasawi**  
Licence No. 30 (A)  
Rödl Middle East  
Burgan - International Accountants

**Adel Mohammed Al-Sanea**  
Auditors Registry No. 86 Category (A)  
Kuwaiti Accounting Auditing  
A member of H.L.B International

May 12, 2016  
State of Kuwait

**Dalqan Real Estate Company**  
**K.S.C. (Public)**  
**Kuwait**

**Interim condensed statement of financial position as of March 31, 2016**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Note	March 31, 2016	December 31, 2015 (audited)	March 31, 2015
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		2,453,363	2,400,548	2,248,583
Other debit balances		4,435	3,455	4,155
		<u>2,457,798</u>	<u>2,404,003</u>	<u>2,252,738</u>
<b>Non-current assets</b>				
Investment properties		3,665,000	3,665,000	3,800,000
Property and equipment		2	2	2
		<u>3,665,002</u>	<u>3,665,002</u>	<u>3,800,002</u>
<b>Total assets</b>		<u>6,122,800</u>	<u>6,069,005</u>	<u>6,052,740</u>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Various credit balances	4	<u>51,689</u>	<u>57,695</u>	<u>76,011</u>
<b>Non - current liabilities</b>				
Provision for end of service indemnity		<u>22,044</u>	<u>21,082</u>	<u>18,763</u>
<b>Equity</b>				
Share capital	5	5,002,500	5,002,500	5,002,500
Statutory reserve		352,336	352,336	342,962
Voluntary reserve		180,742	180,742	171,368
Retained earnings		513,489	454,650	441,136
		<u>6,049,067</u>	<u>5,990,228</u>	<u>5,957,966</u>
<b>Total liabilities and equity</b>		<u>6,122,800</u>	<u>6,069,005</u>	<u>6,052,740</u>

  
 Muhammed Saud Murdy Al Mutaury  
 Chairman

  
 Abdullah Saud Murdy Al Mutaury  
 Vice Chairman

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

**Dalqan Real Estate Company**  
**K.S.C. (Public)**  
**Kuwait**

**Interim condensed statement of comprehensive income for the three months ended  
 March 31, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	Note	The three months ended March 31	
		2016	2015
<b>Revenue</b>			
Net rental income		<u>69,362</u>	<u>67,195</u>
<b>Expenses and other charges</b>			
General and administrative expenses		6,818	6,379
Provisions		<u>962</u>	<u>908</u>
Total expenses and other charges		<u>7,780</u>	<u>7,287</u>
<b>Net profit for the period before KFAS, Zakat and National Labour Support Tax</b>		<b>61,582</b>	<b>59,908</b>
Contribution to Kuwait Foundation for the Advancement of Science		(554)	(539)
Zakat		(625)	(608)
National Labour Support Tax		<u>(1,564)</u>	<u>(1,520)</u>
<b>Net profit for the period</b>		<u><b>58,839</b></u>	<u><b>57,241</b></u>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u><b>58,839</b></u>	<u><b>57,241</b></u>
<b>Earning per share/(Fils)</b>	6	<u><b>1.18</b></u>	<u><b>1.14</b></u>

**Dalqan Real Estate Company**  
**K.S.C. (Public)**  
**Kuwait**

**Interim condensed statement of changes in equity for the three months ended March 31, 2016**

(Unaudited)

*"All amounts are in Kuwaiti Dinar"*

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2015	5,002,500	342,962	171,368	383,895	5,900,725
Net profit for the period	-	-	-	57,241	57,241
Balance at March 31, 2015	<u>5,002,500</u>	<u>342,962</u>	<u>171,368</u>	<u>441,136</u>	<u>5,957,966</u>
Balance at January 1, 2016	5,002,500	352,336	180,742	454,650	5,990,228
Net profit for the period	-	-	-	58,839	58,839
<b>Balance at March 31, 2016</b>	<u><b>5,002,500</b></u>	<u><b>352,336</b></u>	<u><b>180,742</b></u>	<u><b>513,489</b></u>	<u><b>6,049,067</b></u>

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

**Dalqan Real Estate Company**  
**K.S.C. (Public)**  
**Kuwait**

**Interim condensed statement of cash flows for the three months ended March 31, 2016**  
**(Unaudited)**

*"All amounts are in Kuwaiti Dinar"*

	<b>The three months ended</b>	
	<b>March 31</b>	
	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Net profit for the period	58,839	57,241
<b>Adjustments:</b>		
Provision for end of service indemnity	962	908
Adjusted profit before the effect of changes in working capital items	59,801	58,149
Other debit balances	(980)	(30)
Various credit balances	(6,006)	2,667
Net cash generated from operating activities	<u>52,815</u>	<u>60,786</u>
Net increase in cash and cash equivalents	52,815	60,786
Cash and cash equivalents at beginning of the period	<u>2,400,548</u>	<u>2,187,797</u>
<b>Cash and cash equivalents at end of the period</b>	<u><b>2,453,363</b></u>	<u><b>2,248,583</b></u>

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

**Dalqan Real Estate Company**  
**K.S.C. (Public)**  
**Kuwait**

**Notes to the interim condensed financial information for the three months ended March 31, 2016**

**(Unaudited)**

*"All amounts are in Kuwaiti Dinar unless stated otherwise"*

**1- Company's formation and activities**

Dalqan Real Estate Company was incorporated as W.L.L Company in accordance with the Articles of Association dated on April 21, 2003 and subsequent amendments. The legal entity of the company has been transferred from (limited liability company) to a Kuwaiti Shareholding Company (Public) under the name of Dalqan Real Estate Company as per the Articles of Association dated on July 15, 2006 through transferring all assets and liabilities to the new company based on evaluation made by an independent expert.

The objectives for which the company was established are as follows:

- Owning, selling, buying and developing real estates and land on behalf of the company in the State of Kuwait and abroad as well as managing properties of others, without any violation to rules mentioned in the laws and what has been prohibited of trade in the private housing, as provided for in these laws.
- Owning, selling and buying shares and bonds of real estate companies on behalf of the company only, in Kuwait and abroad.
- Preparing studies and providing consultancies in real estate fields of all types if there are the conditions that are required to engage in providing this service.
- Carrying out maintenance works related to buildings and real estates owned to the company and to others including maintenance works and implementation of civil, mechanical and electrical works, elevators, air-conditioning to ensure the maintenance and safety of buildings.
- Organizing the real estate exhibitions related to the company's real estate projects, according to the regulations of the ministry.
- Utilizing the financial surpluses that are available in the company by investing them in financial and real estate portfolios managed by specialized companies and authorities.
- Direct contribution to put the infrastructure of residential, commercial and industrial areas and projects through system of "build, operate and transfer" (BOT) and managing real estate facilities through (BOT) system.

The company may conduct the previous mentioned business objectives inside and outside the State of Kuwait by itself or as an agent.

The company has the right to participate and subscribe in any way, in other firms or institutions which operate in the same field or those which would assist in achieving its objectives in Kuwait or abroad and to construct, participate or purchase these institutions or join them.

The registered address of the company is: Al Ardiya – P.O Box 41081, Postal Code 85851 Kuwait.

Companies law no. 1 of year 2016 ("new law") was issued on January 24, 2016 and published in the official gazette on February 1, 2016 which has cancelled the companies law no. 25 of year 2012, as amended ("previous law"). The new law shall be applied as of November 26, 2012 and the executive regulation of previous law will continue until the issuance of an executive regulation for the new law within two months of publishing in the official gazette.

The interim condensed financial information for the three months ended March 31, 2016 has been approved for issue by the Board of Directors on May 12, 2016.



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**K.S.C. (Public)**  
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**Notes to the interim condensed financial information for the three months ended March 31, 2016**

**(Unaudited)**

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**2- Significant Accounting Policies**

**2/1) Basis of preparation**

The interim condensed financial information of the Company has been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, it does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards.

The accounting policies used in the preparation of this interim condensed financial information are consistent with those used in the preparation of the annual audited financial statements of the Company for the year ended December 31, 2015.

During the period the Company has adopted all the standards that came into effect for annual periods beginning January 1, 2016. The adoption of these standards did not have any material impact on this interim condensed financial information.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results for the interim period are not necessarily indicative of the results that may be expected for the year ending December 31, 2016. For further information, refer to the annual audited financial statements and notes thereto for the year ended December 31, 2015.

This interim condensed financial information is presented in Kuwaiti Dinar which is the functional and presentation currency of the Company.

Amendments to IFRSs which are effective for annual accounting period starting from January 1, 2016 did not have any material impact on the accounting policies, financial position or performance of the Company.

**2/2) Judgments and estimates**

The preparation of interim condensed financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this interim condensed financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the annual audited financial statements as of and for the year ended December 31, 2015.

**Dalqan Real Estate Company**  
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**Notes to the interim condensed financial information for the three months ended March 31, 2016**

**(Unaudited)**

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**3- Transactions with related parties**

Related parties comprise of the major shareholders, Board of Directors, entities controlled by them or under their joint control, executive officers, key management personnel and their close family members. The company management approves the terms and conditions of related parties transactions. The transactions with related parties are subject to the approval of Shareholders' General Assembly.

**Interim condensed statement of financial position**

Interim condensed statement of financial position does not include any balances with related parties.

**Interim condensed statement of comprehensive income**

Interim condensed statement of comprehensive income does not include transactions with related parties.

**4- Various credit balances**

	<b>March 31, 2016</b>	<b>December 31, 2015 (audited)</b>	<b>March 31, 2015</b>
KFAS	5,956	5,402	19,814
Zakat	15,495	14,870	19,678
National Labour Support Tax	30,238	37,423	36,519
	<b>51,689</b>	<b>57,695</b>	<b>76,011</b>

**5- Share capital**

The authorized, issued and paid-up capital is KD 5,002,500 distributed on 50,025,000 shares with nominal value 100 Kuwaiti Fils of each share and all shares are in cash.

**6- Earning per share/(Fils)**

Earning per share is calculated through dividing net profit for the period by the weighted average number of outstanding shares during the period as follows:

	<b>The three months ended March 31</b>	
	<b>2016</b>	<b>2015</b>
Net profit for the period	<b>58,839</b>	57,241
Weighted average number of outstanding shares during the period	<b>50,025,000</b>	50,025,000
Earning per share/(Fils)	<b>1.18</b>	1.14

**Dalqan Real Estate Company**  
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**Notes to the interim condensed financial information for the three months ended March 31, 2016**

**(Unaudited)**

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**7- General Assembly of shareholders**

The Annual General Assembly of the Company for the financial year ended December 31, 2015 has not been held until the date of approval of this interim condensed financial information. Thus, the financial statements for the financial year ended December 31, 2015 have not yet been approved. The interim condensed financial information for the three month period ended March 31, 2016 does not include any adjustments, which might have been required, as the General Assembly not approved the financial statements for the financial year ended December 31, 2015.

**8- Financial instruments**

**Categories of financial instruments**

The Company's financial assets and financial liabilities are classified in the interim condensed statement of financial position as follows:

	<b>March</b>	December	March
	<b>31, 2016</b>	31, 2015	31, 2015
		(audited)	
<b>Financial assets</b>			
Cash and cash equivalents	<u>2,453,363</u>	<u>2,400,548</u>	<u>2,248,583</u>
Other debit balances	<u>4,435</u>	<u>3,455</u>	<u>4,155</u>
	<u>2,457,798</u>	<u>2,404,003</u>	<u>2,252,738</u>
	<b>March</b>	December	March
	<b>31, 2016</b>	31, 2015	31, 2015
		(audited)	
<b>Financial liabilities</b>			
Various credit balances	<u>51,689</u>	<u>57,695</u>	<u>76,011</u>