

Dalqan Real Estate Company
K.S.C. (Public)
Kuwait
Interim Condensed Financial Information for
The Three Months Ended March 31, 2019
(Unaudited)
With
Independent auditors' review report

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

Interim Condensed Financial Information for
The Three Months Ended March 31, 2019
(Unaudited)
With
Independent auditors' review report

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**The Board of Directors
Dalqan Real Estate Company
K.S.C. (Public)
Kuwait**

Independent auditors' 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, 2019 and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three month period then ended. Management of the Company 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 other legal and regulatory matters

Furthermore, based on our review, the interim condensed financial information is in agreement with the accounting books 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 its executive regulations, as amended, or the Company's memorandum and articles of association, as amended, have occurred during the three month period ended March 31, 2019 that might have had a material effect on the business of the Company or on its interim condensed financial position.



Abdulhussain M. Al-Rasheed
License No. 67 – (A)
Rödl Middle East – Burgan
International Accountants



Adel Al-Sanea
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Kuwaiti Accounting Auditing
A member of H.L.B International


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

Interim condensed statement of financial position as of March 31, 2019

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	March 31, 2019	December 31, 2018 (audited)	March 31, 2018
Assets				
Current assets				
Cash and cash equivalents		3,187,861	3,122,610	2,940,917
Other debit balances		4,850	6,450	4,525
		<u>3,192,711</u>	<u>3,129,060</u>	<u>2,945,442</u>
Non-current assets				
Investment properties		3,250,000	3,250,000	3,350,000
Property and equipment		2	2	2
		<u>3,250,002</u>	<u>3,250,002</u>	<u>3,350,002</u>
Total assets		<u>6,442,713</u>	<u>6,379,062</u>	<u>6,295,444</u>
Liabilities and equity				
Current liabilities				
Various credit balances	4	65,647	62,855	59,241
Non - current liabilities				
Provision for end of service indemnity		32,671	31,656	28,951
Equity				
Share capital	5	5,502,750	5,502,750	5,502,750
Statutory reserve		383,351	383,351	369,014
Voluntary reserve		166,157	166,157	151,820
Retained earnings		292,137	232,293	183,668
		<u>6,344,395</u>	<u>6,284,551</u>	<u>6,207,252</u>
Total liabilities and equity		<u>6,442,713</u>	<u>6,379,062</u>	<u>6,295,444</u>


Muhammed Saud Murdy Al Mutairy
Chairman

Fahed Saud Murdy Al Mutairy
Vice Chairman and Chief Executive
Officer

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 profit or loss and other comprehensive income for the three months ended March 31, 2019

(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Note	The three months ended	
		March 31	
		2019	2018
Revenue			
Net rental income		<u>72,387</u>	<u>71,671</u>
Expenses and other charges			
General and administrative expenses		8,736	8,315
Provisions		1,015	945
Total expenses and other charges		<u>9,751</u>	<u>9,260</u>
Net profit for the period before KFAS, Zakat and National Labour Support Tax		62,636	62,411
Contribution to Kuwait Foundation for the Advancement of Science		(564)	(562)
Zakat		(637)	(634)
National Labour Support Tax		<u>(1,591)</u>	<u>(1,584)</u>
Net profit for the period		59,844	59,631
Other comprehensive income for the period		-	-
Total comprehensive income for the period		59,844	59,631
Earning per share/(Fils)	6	1.09	1.08

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 changes in equity for the three months ended March 31, 2019
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total
Balance at January 1, 2018	5,502,750	369,014	151,820	124,037	6,147,621
Net profit for the period	-	-	-	59,631	59,631
Balance at March 31, 2018	<u>5,502,750</u>	<u>369,014</u>	<u>151,820</u>	<u>183,668</u>	<u>6,207,252</u>
Balance at January 1, 2019	5,502,750	383,351	166,157	232,293	6,284,551
Net profit for the period	-	-	-	59,844	59,844
Balance at March 31, 2019	<u>5,502,750</u>	<u>383,351</u>	<u>166,157</u>	<u>292,137</u>	<u>6,344,395</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, 2019
(Unaudited)

"All amounts are in Kuwaiti Dinar"

	The three months ended	
	March 31	
	2019	2018
Cash flows from operating activities		
Net profit for the period	59,844	59,631
Adjustments:		
Provision for end of service indemnity	1,015	945
Adjusted profit before calculating the effect of change in working capital items	60,859	60,576
Other debit balances	1,600	(310)
Various credit balances	2,792	2,780
Net cash generated from operating activities	65,251	63,046
Net increase in cash and cash equivalents	65,251	63,046
Cash and cash equivalents at beginning of the period	3,122,610	2,877,871
Cash and cash equivalents at end of the period	3,187,861	2,940,917

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, 2019****(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 (with 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 incorporated 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.

The interim condensed financial information for the three months ended March 31, 2019 has been approved for issue by the Board of Directors on May 13, 2019.

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

Notes to the interim condensed financial information for the three months ended March 31, 2019

(Unaudited)

"All amounts are in Kuwaiti Dinar unless stated otherwise"

2- Significant accounting policies

2/1) Basis of preparation

The accompanying interim condensed financial information are prepared in accordance with IAS 34-"Interim Financial Reporting". These interim condensed financial information should be read in conjunction with the financial information of the Company for the year ended December 31, 2018.

The interim condensed financial information do not contain all information and disclosures required for full financial information prepared in accordance with International Financial Reporting Standards. In addition, results for three-month period ended March 31, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

The preparation of the 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.

The significant judgments made by management in applying Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial information for the year ended 31 December 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial information for the year ended 31 December 2018.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of newly effective and amended standards as set out below.

Newly effective standard and amendments and improvements to standards

The new International Financial Reporting Standard ("IFRS" or "standard") No. 16 and several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial information of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following new standard, interpretation and amendments to standards have been applied by the Company in preparation of these interim condensed financial information. The amendments to the below standards did not have any material impact to the Company, but they may result in additional disclosures at the year end:

- IFRS 16 Leases
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28: Long-term interests in associates and joint ventures

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- Annual Improvements 2015-2017 Cycle (issued in December 2017)
 - Amendments to IFRS 3 Business Combinations
 - Amendments to IFRS 11 Joint Arrangements
 - Amendments to IAS 12 Income Taxes
 - Amendments to IAS 23 Borrowing Costs

The adoption of the above did not result in any changes to previously reported net profit or equity of the Company.

New and amended standards not yet effective, but available for early adoption

The below new and amended IFRS that are available for early adoption for financial year ending December 31, 2019 are not effective until a later period, and they have not been applied in preparing these interim condensed financial information.

Adoption not expected to impact the Company's interim financial information:

<u>Effective date</u>	<u>Description</u>
January 1, 2020	<ul style="list-style-type: none"> • Amendments to IFRS 3 • Amendments to References to the Conceptual Framework in IFRS Standards • Amendments to IAS 1 and IAS 8 on 'Definition of Material'
January 1, 2022	<ul style="list-style-type: none"> • IFRS 17 Insurance Contracts
Effective date to be determined	<ul style="list-style-type: none"> • Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2/2) Critical 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 expense. 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 information as at and for the year ended December 31, 2018.

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 management approves the terms and condition of related parties transactions. The transactions with related parties are subject to the approval of Shareholders' General Assembly.

Dalqan Real Estate Company
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Kuwait

Notes to the interim condensed financial information for the three months ended March 31, 2019

(Unaudited)

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Interim condensed statement of financial position

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

Interim condensed statement of profit or loss and other comprehensive income

Interim condensed statement of profit or loss and other comprehensive income do not include any balances or transactions with related parties.

4- Various credit balances

	March 31, 2019	December 31, 2018 (audited)	March 31, 2018
KFAS	8,757	8,193	7,465
Zakat	18,695	18,058	17,222
National Labour Support Tax	38,195	36,604	34,554
	65,647	62,855	59,241

5- Share capital

The authorized, issued and paid-up capital is KD 5,502,750 distributed on 55,027,500 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:

	The three months ended March 31	
	2019	2018
Net profit for the period	59,844	59,631
Weighted average number of outstanding shares during the period	55,027,500	55,027,500
Earning per share/(Fils)	1.09	1.08

7- General Assembly of shareholders

The Ordinary General Assembly of Shareholders had been held on May 1, 2019 has approved the financial information for the financial year ended December 31, 2018 and non distribution of dividends for the financial year ended December 31, 2018 nor remuneration for the Board of Directors' for the financial year ended December 31, 2018.

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Notes to the interim condensed financial information for the three months ended March 31, 2019

(Unaudited)

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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:

	March	December	March
	31, 2019	31, 2018	31, 2018
		(audited)	
Financial assets			
Cash and cash equivalents	3,187,861	3,122,610	2,940,917
Other debit balances	4,850	6,450	4,525
	<u>3,192,711</u>	<u>3,129,060</u>	<u>2,945,442</u>
	March	December	March
	31, 2019	31, 2018	31, 2018
		(audited)	
Financial liabilities			
Various credit balances	65,647	62,855	59,241
	<u>65,647</u>	<u>62,855</u>	<u>59,241</u>